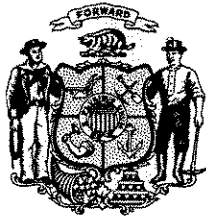


STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION  
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON  
GOVERNOR  
MARK D. BUGHER  
SECRETARY



C1  
Mailing Address:  
Post Office Box 7864  
Madison, WI 53707-7864

February 28, 1997

The Honorable Brian Burke, Co-Chair  
Joint Committee on Finance  
119 Martin Luther King, Jr., Blvd., LL1  
Madison, WI 53702

The Honorable Scott Jensen, Co-Chair  
315 North, State Capitol  
Madison, WI 53702

Dear Senator Burke and Representative Jensen:

This report is required by sec. 18.16(7), Stats., and specifies the reason for not complying with subsections (2) to (5) of the same section for a specific issuance of debt. On February 19, 1997 the Building Commission awarded the sale of \$15,000,000 State of Wisconsin General Obligation Bonds of 1997, Clean Water Fund Series A. This was a private sale of bonds to the Clean Water Fund pursuant to 18.06 (9) of the statutes.

Since the bonds were sold directly to the Clean Water Fund, and without the participation of underwriters, compliance with subsections (2) to (5) of s. 18.16 is not possible. The bonds will be held by the Clean Water Fund as investments to provide a cash flow to the State of Wisconsin Clean Water Revenue Bonds, 1997 Series 1 sufficient to cover the difference between the below market rate Clean Water Fund loans and the amount required for debt service on the Series 1 bonds.

Sincerely,

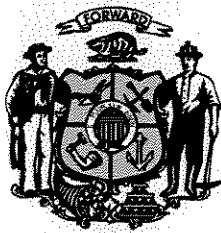


Mark D. Bugher  
Secretary

cc: Members, Joint Committee on Finance

STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION

TOMMY G. THOMPSON  
GOVERNOR  
MARK D. BUGHER  
SECRETARY



Mailing Address:  
Capital Finance  
101 E. Wilson St., 10th Fl.  
Madison, WI 53707-7864

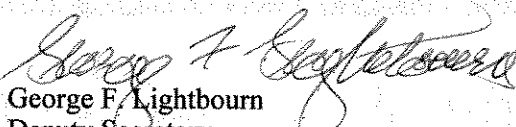
March 25, 1997

The Honorable Brian B. Burke, Co-Chair  
The Honorable Scott Jensen, Co-Chair  
Joint Committee on Finance  
115 South, State Capitol  
Madison, WI 53702

Dear Senator Burke, Representative Jensen and Members:

This report is required by subsection (7) of 18.16 of the Wisconsin Statutes and specifies the reason for not complying with subsections (2) to (5) of the same section for a specific issue of debt. On March 20, 1997 the Building Commission authorized the issuance of \$99,270,000 State of Wisconsin General Obligation Commercial Paper Notes of 1997, Series A (the "Notes"). Commercial paper is not sold to underwriters through a public sale, it is placed by a remarketing agent or agents on a best efforts basis. The firms initially selected to remarket the Notes, Goldman, Sachs & Co. and Merrill Lynch & Co., are not certified by the Department of Commerce as minority owned.

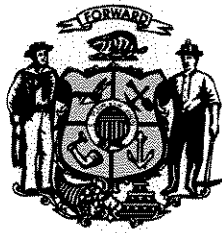
Sincerely,

  
George F. Lightbourn  
Deputy Secretary

Enc.

STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION

TOMMY G. THOMPSON  
GOVERNOR  
MARK D. BUGHER  
SECRETARY



Mailing Address:  
Capital Finance  
101 E. Wilson St., 10th Fl.  
Madison, WI 53707-7864

March 25, 1997

The Honorable Brian B. Burke, Co-Chair  
The Honorable Scott Jensen, Co-Chair  
Joint Committee on Finance  
115 South, State Capitol  
Madison, WI 53702

Dear Senator Burke, Representative Jensen and Members:

This report is required by subsection (7) of 18.16 of the Wisconsin Statutes and specifies the reason for not complying with subsections (2) to (5) of the same section for a specific issue of debt. On March 20, 1997 the Building Commission awarded the sale of \$23,640,000,000 State of Wisconsin General Obligation Refunding Bonds of 1997, Series A and \$21,360,000 State of Wisconsin General Obligation Bonds of 1997, Series A (collectively, the "Bonds"). This was a public sale conducted pursuant to Subchapter I of Chapter 18. The Official Notice of Sale dated March 12, 1997, attached, set the terms and conditions of the sale and was available to all potential bidders. The State received four bids for the Bonds.

The award was based on the lowest true interest cost rate to the State. The successful underwriters were a syndicate managed by Goldman, Sachs & Co. A list of the syndicate members is attached. The syndicate does not include any firms which have been certified by the Department of Commerce as minority owned.

Underwriting participation by minority owned firms is encouraged. There is a section "Minority Participation" in the Official Notice of Sale and a list of the certified firms including address, phone number and contact person was included in the bidding materials sent to each prospective bidder.

Sincerely,

  
George F. Lightbourn  
Deputy Secretary

Enc.

**\$23,640,000 State of Wisconsin General Obligation Refunding Bonds of 1997, Series 1**  
**\$21,360,000 State of Wisconsin General Obligation Bonds of 1997, Series A**  
**Underwriting Syndicate**

**Underwriters:**

**Book Running Manager:**  
**Goldman, Sachs & Co.**

**Members:**

**A.G. Edwards & Sons, Inc.**  
**Fleet Securities**

# OFFICIAL NOTICE OF SALE

## \$45,000,000

### STATE OF WISCONSIN

#### \$23,640,000 GENERAL OBLIGATION REFUNDING BONDS OF 1997, SERIES 1

Not Subject to Alternative Minimum Tax

#### \$21,360,000 GENERAL OBLIGATION BONDS OF 1997, SERIES A

Subject to Alternative Minimum Tax (AMT)

SEALED PROPOSALS will be received by the State of Wisconsin Building Commission (the "Commission") at the Reception Area - 10th floor, Administration Building, 101 East Wilson Street, Madison, Wisconsin, until 10:00 A.M. (CST) on March 20, 1997, when they will be publicly opened and read, for the purchase of \$23,640,000 State of Wisconsin General Obligation Refunding Bonds of 1997, Series 1 (the "Series 1 Bonds") and the \$21,360,000 State of Wisconsin General Obligation Bonds of 1997, Series A (the "Series A Bonds") (the Series 1 Bonds and the Series A Bonds are collectively referred to as the "Bonds") on the terms and conditions stated below.

**Terms of Bonds.** The Bonds will be dated March 15, 1997, and will be payable as to principal either through serial maturities or redemption from mandatory sinking fund payments (as specified by the successful bidder) on May 1 of each year, in the years and principal amounts as follows:

\$23,640,000 General Obligation Refunding Bonds of 1997, Series 1 Not Subject to Alternative Minimum Tax				\$21,360,000 General Obligation Bonds of 1997, Series A Subject to Alternative Minimum Tax (AMT)			
Year	Principal Amount*	Year	Principal Amount*	Year	Principal Amount*	Year	Principal Amount*
1998		2008	\$ 1,015,000	1998		2013	
1999		2009	725,000	1999		2014	
2000		2010	1,290,000	2000		2015	
2001		2011	3,165,000	2001		2016	
2002		2012	2,330,000	2002		2017	
2003		2013	1,910,000	2003		2018	\$ 2,360,000
2004		2014	1,990,000	2004		2019	1,500,000
2005		2015	2,070,000	2005		2020	1,500,000
2006	\$ 1,000,000	2016		2006		2021	2,705,000
2007	2,385,000	2017	5,760,000	2007		2022	2,830,000
				2008		2023	2,895,000
				2009		2024	3,395,000
				2010		2025	665,000
				2011		2026	675,000
				2012		2027	2,595,000
						2028	240,000

\* Each bid must specify whether the principal amount of the Bonds of each series payable on a particular date will be a payment at maturity of a serial bond or a mandatory sinking fund payment of a term bond. The mandatory sinking fund payments of each term bond shall be on one or more consecutive annual payment dates immediately preceding the maturity date of such term bond, provided that no term bond designated to mature on or after May 1, 2008 may contain any sinking fund payments prior to May 1, 2007. The mandatory sinking fund payment (if any) so specified for any year must be equal to the full principal amount of Bonds listed in the table above as payable in that year. The same interest rate specified for the nominal maturity of a term bond must also be specified for all mandatory sinking fund payments of such term bond.

The Bonds will bear interest, payable on November 1, 1997 and semiannually thereafter on the first day of May and November, at such rate or rates per annum as designated by the successful bidder in its official bid. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

**Optional Redemption.** The Series 1 Bonds maturing in the years 2006 and 2007, inclusive, are not subject to optional redemption but are subject to special redemption as described later in this notice. The Bonds of each series maturing on or after May 1, 2008 are subject to redemption at the option of the Commission on May 1, 2007 or any date thereafter, in whole or in part, in integral multiples of \$5,000. In the event of partial redemption, the Commission shall direct the maturity or maturities and the amount thereof so to be redeemed. Bonds redeemed prior to their stated dates of maturity shall be redeemable at 100% of principal amount plus accrued interest to the date of redemption.

**Mandatory Sinking Fund Redemption.** Certain maturities of the Bonds of each series will be subject to mandatory redemption prior to their respective stated maturity dates, in part, from mandatory sinking fund payments, to the extent the successful bidder specifies, in its bid, that the principal amount of the Bonds payable on certain dates shall constitute mandatory sinking fund payments of term bonds.

**Special Redemption.** All Bonds of each series are subject to special redemption at the direction of the Commission, in whole or in part, on any date, at a redemption price of par plus accrued interest from (i) unexpended proceeds of the Bonds, (ii) payments on veterans housing loans, or interest or income on investments in certain accounts, including money available from the Insurance Reserve Account in excess of amounts required to meet the scheduled debt service on general obligation bonds issued for the purposes of funding veterans housing loans ("Veterans Mortgage Bonds"), and costs associated with the veterans housing loan program, and (iii) prepayments of veterans housing loans funded from or attributed to any series of Veterans Mortgage Bonds.

**Book-Entry.** The Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. A single Bond certificate for each separate maturity will be issued to DTC and immobilized in its custody. Individual purchases will be made in book-entry-only form pursuant to the rules and procedures established between DTC and its participants, in the principal amount of \$5,000 and integral multiples thereof. Individual purchasers will not receive certificates evidencing their ownership of the Bonds purchased. The Bond certificates will be deposited with DTC as a condition of the closing. The State of Wisconsin (the "State") will make payments of principal and interest on the Bonds on the dates set forth above, to DTC or its nominee as registered owner of the Bonds in same-day funds. Transfer of said payments to participants of DTC will be the responsibility of DTC; transfer of said payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by rules and procedures of DTC and the participants. No assurance can be given by the State that DTC, its participants and other nominees of beneficial owners will make prompt transfer of said payments. The State assumes no liability for failures of DTC, its participants or other nominees to promptly transfer said payments to beneficial owners of the Bonds.

**Notice to Securities Depository.** Notices, if any, given by the State to the securities depository are redistributed in the same manner as are payments. The State assumes no liability for the failure of the securities depository, its participants or other nominees to promptly transfer said notices to the beneficial owners of the Bonds. The State is not responsible for supervising the activities or reviewing the records of the securities depository or its direct and indirect participants.

**Successor to Securities Depository.** In the event that the securities depository relationship with the securities depository is terminated and the Commission does not appoint a successor securities depository, the Commission will prepare, authenticate and deliver, at its expense, fully registered certificated Bonds in the denominations of \$5,000 or any integral multiple thereof in the aggregate principal amount of Bonds of the same maturities and interest rates then outstanding to the beneficial owners of the Bonds as identified to the Commission by the securities depository and its participants.

**Purpose and Pledge.** The Bonds will be issued, to make funds available for veterans housing loans, pursuant to Chapter 18 of the Wisconsin Statutes, as amended (the "Act") and an authorizing resolution adopted by the Commission on February 19, 1997, as amended and supplemented on March 20, 1997 (the "Authorizing Resolution"). The Bonds will be direct and general obligations of the State. The full faith, credit and taxing power of the State will be irrevocably pledged to the payment of the principal of and interest on the Bonds, and there will be irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for the payment of the principal of and interest on the Bonds.

**Minority Participation.** It is the policy of the Commission to endeavor to ensure that 6% of the Bonds are underwritten by firms which are certified by the State as being minority owned. The Commission urges prospective bidders to obtain from the Commission a list of firms so certified and to include such firms in their bidding group. The Commission further encourages certified minority-owned firms to submit bids directly and to assemble bidding groups for the submission of bids. Minority-owned firms which are not yet certified by the State and wish to be, may contact the Wisconsin Department of Commerce, Bureau of Minority Business Development (608) 267-9550.

**No Bond Insurance.** The award of the Bonds will be made with the understanding that no bond insurance will be used in connection with the primary offering of the Bonds. The successful bidder shall certify to the Commission, prior to the delivery of the Bonds, that no bond insurance policy has been obtained by or on behalf of it or any other member of its underwriting group (whether or not a member of the bidding group) during the "primary offering" of the Bonds (as such term is defined in paragraph (f)(7) of Securities and Exchange Commission Rule 15c2-12). This requirement does not prohibit insuring the Bonds in secondary market transactions or with portfolio insurance.

**Official Bid Form and Award.** Proposals must be made using the Official Bid Form. The Bonds will be awarded at the lowest true interest cost rate to the State. The true interest cost rate for each bid will be determined on the basis of present value by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments to March 15, 1997 and to the price bid. In the event two or more bids specify the same lowest true interest cost rate, then the award will be made to the bidder with the lowest true interest cost rate and the largest minority-owned firm participation, or, if such bidders have an equal amount of minority-owned participation, then selection for award will be made among such bidders by the Secretary of the Commission by lot.

Each bid shall indicate an interest rate for each maturity and a purchase price for the Bonds. Each interest rate bid must be a multiple of 0.05%. A bid must be for all of the Bonds and may be for any purchase price not less than 98% of the par amount of the Bonds (\$44,100,000.00) nor greater than 101% of the par amount of the Bonds (\$45,450,000.00). There shall be only one interest rate per maturity. Bonds maturing on or after May 1, 2008 may not have an initial offering price less than 98% of par. No later than one-half hour after verbal notification of being the apparent high bidder, the "when, as and if issued" offering prices of all the Bonds must be communicated to the Capital Finance Office. The Commission reserves the right to waive any informality or irregularity in any bid and to reject any or all bids.

**Bid Deposit.** A certified, official or cashier's check must be provided, or a financial surety bond submitted, for each bid, payable to the order of the State of Wisconsin, in the amount of \$900,000. If a check is provided it must accompany the bid. If a financial surety bond is submitted, it must be from an insurance company licensed to issue such a bond in the State of Wisconsin and acceptable to the Commission and such bond must be submitted to the Capital Finance Office prior to the opening of the bids. The financial surety bond must identify each bidder whose deposit is guaranteed by such bond. Each bidder submitting a financial surety bond should determine for itself that the financial surety bond is submitted prior to the bidding deadline. If the bid is awarded to a bidder that has submitted a financial surety bond, the bidder is required to provide the good-faith deposit in immediately available funds not later than 1:30 p.m. CST on March 21, 1997. If the good-faith deposit is not timely, the commission may draw on the financial surety bond. Bids shall be enclosed in a sealed envelope marked on the outside, in substance, *Bid for State of Wisconsin General Obligation Bonds of 1997*.

**Good-Faith Deposit.** The good-faith deposit of the successful bidder will be cashed. All checks of unsuccessful bidders will be returned immediately upon award of the Bonds. No interest will be allowed on the amount of the good-faith deposit. The proceeds of the good-faith deposit of the successful bidder will be applied to the purchase price of the Bonds, or in the event of the failure of the successful bidder to take up and pay for the Bonds in compliance with the terms of the bid, at the option of the Commission, its good-faith deposit may be retained as liquidated damages or, at the further option of the Commission, may be retained as partial payment of actual damages or as security for any other remedy available to the Commission. The amount of the good-faith deposit is to be returned to the successful bidder on the failure of the Commission to perform in accordance with the terms of this Official Notice of Sale and the bid. All bids shall remain firm for five hours after the time specified for the opening of bids and an award of the Bonds, or rejection of all bids, will be made by the Commission within said period of time.

**Certification of Price.** The successful bidder shall certify to the Commission, prior to delivery of the Bonds, the initial offering price to the public of the Bonds awarded to the bidder, together with such other information as may be required by the Commission to enable it to determine the "issue price" of the Bonds awarded to such bidder as defined in Section 1274 of the Internal Revenue Code of 1986, as amended.

**Closing and Delivery.** The Bonds will be delivered to DTC no later than April 2, 1997. The closing will be at State Street Bank and Trust Company, N.A., 65 Broadway, New York, New York, at or about 9:30 A.M. (EST), or at another mutually agreeable location, on or about April 3, 1997. Payment for the Bonds must be made by wire in immediately available funds for credit at Firstar Bank Milwaukee, N.A. at said date and time. Should delivery be delayed beyond 45 days from date of sale for any reason beyond the control of the State except failure of performance by the successful bidder, the State may cancel the award or the successful bidder may demand return of its good-faith deposit and thereafter its interest in and liability for the Bonds will cease.

**Bond Opinion.** The legality of the Bonds will be approved by Foley & Lardner, bond counsel, whose unqualified approving opinion will be furnished to the successful bidder without cost upon the delivery of the Bonds. There will also be furnished upon the delivery of the Bonds the usual closing papers, including a certificate stating that there is no litigation pending or threatened affecting the validity of or security for the Bonds, and a certificate to the effect that the Official Statement prepared in connection with the sale of the Bonds, as of the date of the Official Statement and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

**Tax Exemption.** Under existing law interest on the Bonds is excluded from gross income for federal income tax purposes. Interest on the Series 1 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Series A Bonds is an item of tax preference for purposes of the federal alternative minimum tax.

**CUSIP Numbers.** CUSIP identification numbers will be specified on the Bonds, but such numbers shall not constitute a part of the contract evidenced by the Bonds and any error or omission with respect thereto shall not constitute cause for refusal by the purchaser to accept delivery of and pay for the Bonds in accordance with the terms of the purchaser's bid.

**Bidding Documents.** The Preliminary Official Statement is in a form which the Commission "deems final" as of March 7, 1997 for purposes of Section (b)(1) of Securities and Exchange Commission Rule 15c2-12, but is subject to revision, amendment and completion in a final official statement as defined in Section (c)(3) of such rule. Copies of the Preliminary Official Statement and the Official Bid Form may be obtained from the Capital Finance Office, Department of Administration, Administration Building, 10th Floor, 101 East Wilson Street, Madison, Wisconsin 53703, (608) 266-2305, (608) 267-7399 or (608) 267-0374. Copies of these documents are also located on the internet at

<http://www.doa.state.wi.us/debf/scf1.htm>

**Final Official Statements.** The Commission will furnish to the successful bidder, without cost, up to 1,000 copies of the final Official Statement within seven business days after the award of the Bonds.

Dated: March 12, 1997

Robert Brandherm, Secretary  
State of Wisconsin Building Commission



**MINORITY-OWNED UNDERWRITING FIRMS  
CERTIFIED BY THE  
WISCONSIN DEPARTMENT OF COMMERCE**

**February 28, 1997**

**Note:** The following list of minority-owned underwriting firms is provided for the information of potential bidders on the Bonds and does not constitute a part of the Official Notice of Sale. Minority participation in bids is strongly encouraged by the State but is not a requirement for submitting a bid.

Mr. Wifredo Gort  
**AIBC Investment Services Corp**  
80 S W 8th St Ste 2120  
Miami, FL 33130-0000  
305-372-8000

Mr. Alfred Salazar  
**Alden Capital Markets, Inc.**  
1700 Lincoln St., #4850  
Denver, CO 80203-0000  
303-861-2700

Mr. Elton Johnson, Jr.  
**Amerivet Dymally Securities Inc**  
9111 S LaCienega Blvd. 201  
Inglewood CA 90301  
310-641-6284

Mr. Manuel P. Asensio  
**Asensio & Company, Inc.**  
100 Wall Street, #1400  
New York, NY 10005-0000  
212-504-5500

Mr. Sano Shimoda  
**Bio Science Securities, Inc.**  
2 Theatre Square, #210  
Orinda, CA 94563  
510-253-9520

Ms. Benita Pierce  
**B. Pierce & Co. Inc.**  
12 Greene Street #3  
New York, NY 10013-0000  
212-219-1114

Mr. William Zelaya  
**Capital International Securities**  
One S.E. Third Ave., #2250  
Miami, FL 33131  
305-373-6500

Mr. Rafael Carmona  
**Carmona Motley & Co., Inc.**  
19 West 44th Street #1510  
New York, NY 10036  
212-827-0610

Mr. Stephen R. Goodwin  
**Cartwright & Goodwin, Inc.**  
425 E. 86th St., Fl. 8  
New York, NY 10028-6449  
212-809-0877

Mr. Bernard Joel  
**Cathay Financial Corp.**  
450 Park Avenue #1100  
New York, NY 10022-0000  
212-371-6700

Mr. Michael T. Long  
**Clark Melvin Securities Corp.**  
170 Jennifer Rd. #270  
Annapolis, MD 21401-0000  
410-266-5250

Ms. Baunita Greer  
**Cromwell, Miller & Greer, Inc.**  
301 Cathedral Pkwy, #6S  
New York, NY 10026  
212-866-5520

Mr. Samuel D. Ewing, Jr.  
**Ewing Capital, Inc.**  
727 15th Street NW, Ste 700  
Washington, DC 20005  
202-737-1500

Mr. Claude Gregory  
**Financial & Realty Services, LLC**  
14505 Greenview Dr., #210  
Laurel, MD 20708-0000  
301-490-5778

Ms. Sherlin Lee  
**First Honolulu Securities, Inc.**  
900 Fort Street #950  
Honolulu, HI 96813  
808-523-9422

Mr. Christopher Gardner  
**Gardner Rich & Company**  
311 S. Wacker Dr., Ste 6060  
Chicago, IL 60606  
312-922-3333

Ms. Monique Georges  
**Grigsby, Brandford & Co. Inc.**  
101 California Street, Ste. 2000  
San Francisco, CA 94111  
800-392-4877

Mr. Leopoldo E. Guzman  
**Guzman & Company**  
701 Brickell Avenue 11th Flr  
Miami, FL 33131  
305-374-3600

Mr. Brian C. Harris  
**Harris Capital Corp.**  
15 Lewis St. #401  
Hartford, CT 06103  
203-522-6700

Ms. Catherine Lavery  
**HCM Investments, Inc.**  
35 West Wacker Drive #3260  
Chicago, IL 60601  
312-553-1000

Mr. Kishor M. Parekh  
**Howard Gary & Company**  
3050 Biscayne Blvd, #603  
Miami, FL 33137-4163  
305-571-1380

Ms. Marjorie Kelly  
**Innova Securities, Inc.**  
200 State St., 11th Flr  
Boston, MA 02109  
617-261-1639

Mr. Ronald Jackson  
**Jackson Partners & Assoc., Inc.**  
381 Park Avenue South, #621  
New York, NY 10016  
800-932-9863

Mr. Steven A. Michael  
**Jackson Securities, Inc.**  
100 Peachtree St. N.W., #2250  
Atlanta, GA 30303-1912  
404-522-5766

Mr. John Hsu  
**John Hsu Capital Group, Inc.**  
767 Third Avenue 11th Flr  
New York, NY 10017-2023  
212-223-7515

Mr. John Small  
**J.S. Securities & Co., Inc**  
1110 North Old World 3rd  
Milwaukee, WI 53203  
414-283-2049

Mr. Daniel Lamaute  
**Lamaute Capital, Inc.**  
8383 Wilshire Blvd., #840  
Beverly Hills, CA 90211  
213-655-5013

Mr. Harold G. Ognelodh  
**M R Beal & Company**  
565 Fifth Ave, Flr 8  
New York, NY 10017  
212-983-3900

Mr. Donald R. Davidson, Jr.  
**Metro Equities Corporation**  
220 S. State St., Ste 1202  
Chicago, IL 60604-2199  
312-939-5155

Mr. Philip Y. Leung  
**Montrose Securities International**  
One California Street, #1945  
San Francisco, CA 94111  
415-399-9955

Mr. Randolph T. Myricks  
**North Milwaukee State Bank**  
5630 West Fond du Lac Ave.  
Milwaukee, WI 53216  
414-466-2344

Mr. David Ormes  
**Ormes Capital Markets, Inc.**  
1 Liberty Plaza, 31st Flr  
New York, NY 10006  
212-346-5334

Mr. Miguel Uribe  
**Oro Financial, Inc.**  
4037 Tulane Avenue, #100  
New Orleans, LA 70119-6829  
504-482-4116

**MINORITY-OWNED UNDERWRITING FIRMS  
CERTIFIED BY THE  
WISCONSIN DEPARTMENT OF COMMERCE**

**February 28, 1997 Continued**

Mr. Malcolm Pryor  
**Pryor, McClendon, Counts & Co.**  
1515 Market St., Ste. 819  
Philadelphia, PA 19102  
215-569-0274

Mr. Matthew Deane  
**Reinoso & Company, Inc.**  
30 Broad Street, 39th Floor  
New York, NY 10004  
212-344-5100

Mr. Eric L. Small  
**SBK-Brooks Investment Corp.**  
824 Terminal Tower, 50 Public Square  
Cleveland, OH 44113  
216-861-6950

Mr. George W. Graham  
**Samuel A. Ramirez & Co., Inc.**  
61 Broadway, #2924  
New York, NY 10006  
212-248-0500

Mr. Albert Sturdivant  
**Sturdivant & Co., Inc.**  
223 Gibbsboro Road  
Clementon, NJ 08021  
609-627-4500

Mr. Earl U. Bravo, Sr.  
**The Chapman Co.**  
401 East Pratt St., 28th flr  
Baltimore, MD 21202  
410-625-9656

Mr. Christopher Williams  
**The Williams Capital Group L.P.**  
650 Fifth Avenue 3rd Floor  
New York NY 10019  
212-903-2200

Ms. Leticia P. Davis  
**Thomas & Davis, Inc.**  
175 W. Jackson Blvd., #A1859  
Chicago, IL 60604  
312-461-0120

Mr. Lehong Tran  
**Tran Financial Network**  
5618 Independence Rd.  
Racine, WI 53406  
414-390-4368

Ms. Phyllis M. Hollis  
**Utendahl Capital Partners, L.P.**  
30 Broad Street 31st Flr  
New York, NY 10004  
212-797-2660

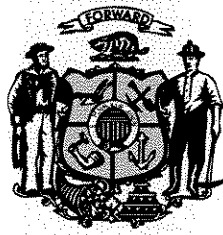
Mr. Vernon A. Reid, Jr.  
**V. A. Reid & Associates, Inc.**  
2 East Read Street Floor 5  
Baltimore, MD 21202-2232  
410-332-0893

Ms. Betty Lazard  
**W. R. Lazard & Co., Inc.**  
14 Wall Street  
New York, NY 10005-1705  
212-406-2700

Mr. Al Yee  
**Yee, Desmond, Schroeder & Allen**  
3443 N. Central Ave., So. Ro.  
Phoenix, AZ 85012-0000  
602-230-9372

STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION

TOMMY G. THOMPSON  
GOVERNOR  
MARK D. BUGHER  
SECRETARY



Mailing Address:  
Capital Finance  
101 E. Wilson St., 10th Fl.  
Madison, WI 53707-7864

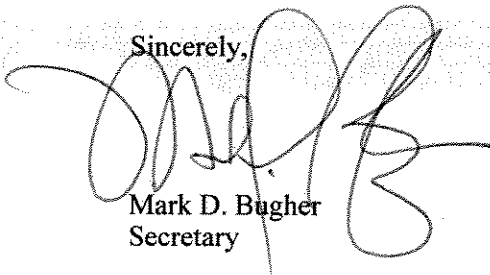
April 30, 1997

The Honorable Brian B. Burke, Co-Chair  
The Honorable Scott Jensen, Co-Chair  
Joint Committee on Finance  
115 South, State Capitol  
Madison, WI 53702

Dear Senator Burke, Representative Jensen and Members:

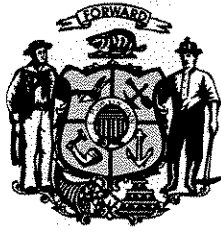
This report is required by subsection (7) of 18.64 of the Wisconsin Statutes and specifies the reason for not complying with subsections (2) to (5) of the same section for a specific issue of debt. On April 23, 1997 the Building Commission authorized the issuance of \$188,600,000 State of Wisconsin Transportation Revenue Commercial Paper Notes of 1997, Series A (the "Notes"). Commercial paper is not sold to underwriters through a public sale, it is placed by a remarketing agent or agents on a best efforts basis. The firms initially selected to remarket the Notes, Lehman Brothers and Bear, Stearns & Co. Inc., are not certified by the Department of Commerce as minority owned.

Sincerely,

  
Mark D. Bugher  
Secretary

STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION

TOMMY G. THOMPSON  
GOVERNOR  
MARK D. BUGHER  
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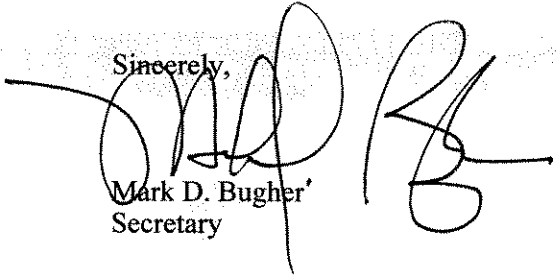
July 14, 1997

The Honorable Brian B. Burke, Co-Chair  
The Honorable Scott Jensen, Co-Chair  
Joint Committee on Finance  
115 South, State Capitol  
Madison, WI 53702

Dear Senator Burke, Representative Jensen and Members:

This report is required by subsection (7) of 18.16 of the Wisconsin Statutes and specifies the reason for not complying with subsections (2) to (5) of the same section for a specific issue of debt. On June 25, 1997 the Building Commission authorized the issuance of \$82,670,000 State of Wisconsin General Obligation Commercial Paper Notes of 1997, Series B (the "Notes"). Commercial paper is not sold to underwriters through a public sale, it is placed by a remarketing agent or agents on a best efforts basis. The firms initially selected to remarket the Notes, Goldman, Sachs & Co. and Merrill Lynch & Co., are not certified by the Department of Commerce as minority owned.

Sincerely,

  
Mark D. Bugher  
Secretary

Enc.

STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION

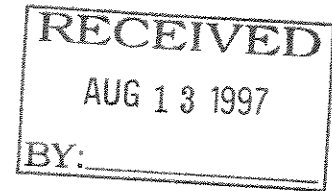
TOMMY G. THOMPSON  
GOVERNOR  
MARK D. BUGHER  
SECRETARY



Mailing Address:  
Capital Finance  
101 E. Wilson St., 10th Fl.  
Madison, WI 53707-7864

August 8, 1997

The Honorable Brian B. Burke, Co-Chair  
The Honorable Scott Jensen, Co-Chair  
Joint Committee on Finance  
115 South, State Capitol  
Madison, WI 53702



Dear Senator Burke, Representative Jensen and Members:

This report is required by subsection (7) of 18.16 of the Wisconsin Statutes and specifies the reason for not complying with subsections (2) to (5) of the same section for a specific issue of debt. On July 31, 1997, the Building Commission awarded the sale of \$101,010,000 State of Wisconsin General Obligation Bonds of 1997, Series B (the "Bonds"). This was a public sale conducted pursuant to Subchapter I of Chapter 18. The Revised Official Notice of Sale, dated July 24, 1997, attached, set the terms and conditions of the sale and was available to all potential bidders. The State received five bids for the Bonds.

The award was based on the lowest true interest cost rate to the State. The successful underwriters were a syndicate managed by PaineWebber Incorporated. A list of the syndicate members is attached. The syndicate does not include any firms that have been certified by the Department of Commerce as minority owned.

Underwriting participation by minority owned firms is encouraged. There is a section "Minority Participation" in the Revised Official Notice of Sale and a list of the certified firms including address, phone number and contact person was included in the bidding materials sent to each prospective bidder.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark D. Bugher".

Mark D. Bugher  
Secretary

Enc.

**\$101,010,000 State of Wisconsin General Obligation Bonds of 1997, Series B**  
**Underwriting Syndicate**

**Underwriters:**

**Book Running Manager:**  
**PaineWebber Incorporated**

**Members:**  
**Smith Barney Inc.**  
**Morgan Keegan & Company, Inc.**

**OFFICIAL NOTICE OF SALE  
(REVISED JULY 24, 1997)**

**\$101,010,000**

**STATE OF WISCONSIN**

**GENERAL OBLIGATION BONDS OF 1997, SERIES B**

SEALED PROPOSALS will be received by the State of Wisconsin Building Commission (the "Commission") at the Reception Area, Administration Building, 101 East Wilson Street - 10th Floor, Madison, Wisconsin, until 10:00 A.M. (CDT) on July 31, 1997, when they will be publicly opened and read, for the purchase of \$101,010,000 State of Wisconsin General Obligation Bonds of 1997, Series B (the "Bonds") on the terms and conditions stated below.

**Terms of Bonds.** The Bonds will be dated July 15, 1997, and will be payable as to principal either through serial maturities or redemption from mandatory sinking fund payments (as specified by the successful bidder) on May 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
1999	\$5,240,000	2009	\$3,970,000
2000	5,435,000	2010	4,160,000
2001	5,645,000	2011	4,360,000
2002	5,870,000	2012	4,575,000
2003	6,115,000	2013	4,805,000
2004	4,190,000	2014	5,045,000
2005	4,365,000	2015	5,305,000
2006	4,560,000	2016	5,575,000
2007	4,770,000	2017	5,865,000
2008	4,985,000	2018	6,175,000

Each bid must specify whether the principal amount of the Bonds payable on a particular date will be a payment at maturity of a serial bond or a mandatory sinking fund payment of a term bond. The mandatory sinking fund payments of each term bond shall be on one or more consecutive annual payment dates immediately preceding the maturity date of such term bond, provided that no term bond designated to mature on and after May 1, 2009 may contain any sinking fund payments prior to May 1, 2008. The mandatory sinking fund payment (if any) so specified for any year must be equal to the full principal amount of Bonds listed in the table above as payable in that year. The same interest rate specified for the nominal maturity of a term bond must also be specified for all mandatory sinking fund payments of such term bond.

The Bonds will bear interest, payable on May 1, 1998 and semiannually thereafter on the first day of May and November, at such rate or rates per annum as designated by the successful bidder in its official bid. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

**Optional Redemption.** The Bonds maturing in the years 1999 to 2008, inclusive, shall not be redeemable prior to their stated dates of maturity. The Bonds maturing on or after May 1, 2009 are subject to redemption at the option of the Commission on May 1, 2008 or any date thereafter, in whole or in part, in integral multiples of \$5,000. In the event of partial redemption, the Commission shall direct the maturity or maturities and the amount thereof so to be redeemed. Bonds redeemed prior to their stated dates of maturity shall be redeemable at 100% of principal amount plus accrued interest to the date of redemption.

**Mandatory Sinking Fund Redemption.** The Bonds of certain maturities will be subject to mandatory redemption prior to their respective stated maturity dates, in part, from mandatory sinking fund payments, to the extent the

successful bidder specifies, in its bid, that the principal amount of the Bonds payable on certain dates shall constitute mandatory sinking fund payments of term bonds.

**Book-Entry.** The Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. A single Bond certificate for each separate maturity will be issued to DTC and immobilized in its custody. Individual purchases will be made in book-entry-only form pursuant to the rules and procedures established between DTC and its participants, in the principal amount of \$5,000 and integral multiples thereof. Individual purchasers will not receive certificates evidencing their ownership of the Bonds purchased. The Bond certificates will be deposited with DTC as a condition of the closing. The State of Wisconsin (the "State") will make payments of principal and interest on the Bonds on the dates set forth above, to DTC or its nominee as registered owner of the Bonds in same-day funds. Transfer of said payments to participants of DTC will be the responsibility of DTC; transfer of said payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by rules and procedures of DTC and the participants. No assurance can be given by the State that DTC, its participants and other nominees of beneficial owners will make prompt transfer of said payments. The State assumes no liability for failures of DTC, its participants or other nominees to promptly transfer said payments to beneficial owners of the Bonds.

**Notice to Securities Depository.** Notices, if any, given by the State to the securities depository are redistributed in the same manner as are payments. The State assumes no liability for the failure of the securities depository, its participants or other nominees to promptly transfer said notices to the beneficial owners of the Bonds. The State is not responsible for supervising the activities or reviewing the records of the securities depository or its direct and indirect participants.

**Successor to Securities Depository.** In the event that the securities depository relationship with the securities depository is terminated and the Commission does not appoint a successor securities depository, the Commission will prepare, authenticate and deliver, at its expense, fully registered certificated Bonds in the denominations of \$5,000 or any integral multiple thereof in the aggregate principal amount of Bonds of the same maturities and interest rates then outstanding to the beneficial owners of the Bonds as identified to the Commission by the securities depository and its participants.

**Purpose and Pledge.** The Bonds will be issued to finance the cost of various public improvements and grants to local units of government, pursuant to Chapter 18 of the Wisconsin Statutes, as amended (the "Act") and an authorizing resolution adopted by the Commission on June 25, 1997, as amended and supplemented on July 31, 1997 (the "Authorizing Resolution"). The Bonds will be direct and general obligations of the State. The full faith, credit and taxing power of the State will be irrevocably pledged to the payment of the principal of and interest on the Bonds, and there will be irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for the payment of the principal of and interest on the Bonds.

**Minority Participation.** It is the policy of the Commission to endeavor to ensure that 6% of the Bonds are underwritten by firms which are certified by the State as being minority owned. The Commission urges prospective bidders to obtain from the Commission a list of firms so certified and to include such firms in their bidding group. The Commission further encourages certified minority-owned firms to submit bids directly and to assemble bidding groups for the submission of bids. Minority-owned firms which are not yet certified by the State and wish to be, may contact the Wisconsin Department of Commerce, Bureau of Minority Business Development (608) 267-9550.

**No Bond Insurance.** The award of the Bonds will be made with the understanding that no bond insurance will be used in connection with the primary offering of the Bonds. The successful bidder must certify to the Commission, prior to the delivery of the Bonds, that no bond insurance policy has been obtained by or on behalf of it or any other member of its underwriting group (whether or not a member of the bidding group) during the "primary offering" of the Bonds (as such term is defined in paragraph (f)(7) of Securities and Exchange Commission Rule 15c2-12). This requirement does not prohibit insuring the Bonds in secondary market transactions or with portfolio insurance.

**Official Bid Form and Award.** Proposals must be made using the Official Bid Form. The Bonds will be awarded at the lowest true interest cost rate to the State. The true interest cost rate for each bid will be determined on the basis of present value by doubling the semiannual interest rate, compounded semiannually, necessary to discount the



debt service payments to July 15, 1997 and to the price bid. In the event two or more bids specify the same lowest true interest cost rate, then the award will be made to the bidder with the lowest true interest cost rate and the largest minority-owned firm participation, or, if such bidders have an equal amount of minority-owned participation, then selection for award will be made among such bidders by the Secretary of the Commission by lot.

Each bid shall indicate an interest rate for each maturity and a purchase price for the Bonds. Each interest rate bid must be a multiple of 0.05%. A bid must be for all of the Bonds and may be for any purchase price not less than 99% of the par amount of the Bonds (\$99,999,900.00) nor greater than 101% of the par amount of the Bonds (\$102,020,100.00). There shall be only one interest rate per maturity. Bonds maturing from May 1, 2009 to and including May 1, 2018 may not have an initial offering price less than 98% of par. No later than one-half hour after verbal notification of being the apparent high bidder, the "when, as and if issued" offering prices of all the Bonds must be communicated to the Capital Finance Office. The Commission reserves the right to waive any informality or irregularity in any bid or condition of this Official Notice of Sale and to reject any or all bids.

**Bid Deposit.** A certified, official or cashier's check must be provided, or a financial surety bond submitted, for each bid, payable to the order of the State of Wisconsin, in the amount of \$2,020,200. If a check is provided, it must accompany the bid. If a financial surety bond is submitted, it must be from an insurance company licensed to issue such a bond in the State of Wisconsin and acceptable to the Commission and such bond must be submitted to the Capital Finance Office prior to the opening of the bids. The financial surety bond must identify each bidder whose deposit is guaranteed by such bond. Each bidder submitting a financial surety bond should determine for itself that the financial surety bond is submitted prior to the bidding deadline. If the bid is awarded to a bidder that has submitted a financial surety bond, the bidder is required to provide the good-faith deposit in immediately available funds not later than 1:30 p.m. CDT on August 1, 1997. If the good-faith deposit is not timely, the Commission may draw on the financial surety bond. Bids shall be enclosed in a sealed envelope marked on the outside, in substance, *Bid for State of Wisconsin General Obligation Bonds of 1997, Series B.*

**Good-Faith Deposit.** The good-faith deposit of the successful bidder will be cashed. All checks of unsuccessful bidders will be returned immediately upon award of the Bonds. No interest will be allowed on the amount of the good-faith deposit. The proceeds of the good-faith deposit of the successful bidder will be applied to the purchase price of the Bonds, or in the event of the failure of the successful bidder to take up and pay for the Bonds in compliance with the terms of the bid, at the option of the Commission, its good-faith deposit may be retained as liquidated damages or, at the further option of the Commission, may be retained as partial payment of actual damages or as security for any other remedy available to the Commission. The amount of the good-faith deposit is to be returned to the successful bidder on the failure of the Commission to perform in accordance with the terms of this Official Notice of Sale and the bid. All bids shall remain firm for five hours after the time specified for the opening of bids and an award of the Bonds, or rejection of all bids, will be made by the Commission within said period of time.

**Certification of Price.** The successful bidder shall certify to the Commission, prior to delivery of the Bonds, the initial offering price to the public of the Bonds awarded to the bidder, together with such other information as may be required by the Commission to enable it to determine the "issue price" of the Bonds awarded to such bidder as defined in Section 1274 of the Internal Revenue Code of 1986, as amended.

**Closing and Delivery.** The Bonds will be delivered to DTC no later than August 19, 1997. The closing will be at State Street Bank and Trust Company, N.A., 65 Broadway, New York, New York, at or about 9:30 A.M. (EST), or at another mutually agreeable location, on or about August 20, 1997. Payment for the Bonds must be made by wire in immediately available funds for credit at Firstar Bank Milwaukee, N.A. at said date and time. Should delivery be delayed beyond 45 days from the date of sale for any reason beyond the control of the State except failure of performance by the successful bidder, the State may cancel the award or the successful bidder may demand return of its good-faith deposit and thereafter its interest in and liability for the Bonds will cease.

**Bond Opinion.** The legality of the Bonds will be approved by Foley & Lardner, bond counsel, whose unqualified approving opinion will be furnished to the successful bidder without cost upon the delivery of the Bonds. There will also be furnished upon the delivery of the Bonds the usual closing papers, including a certificate stating that there is no litigation pending or threatened affecting the validity of or security for the Bonds, and a certificate to the effect that the Official Statement prepared in connection with the sale of the Bonds, as of the date of the Official Statement

and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

**Tax Exemption.** Under existing law interest on the Bonds is excluded from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

**Continuing Disclosure.** In order to assist bidders in complying with Section (b)(5) of Securities and Exchange Commission Rule 15c2-12, as amended, the State has executed a Master Agreement on Continuing Disclosure and Addendum for General Obligations and will execute a Supplemental Agreement specifically for the Bonds (the "Continuing Disclosure Documents"). The Continuing Disclosure Documents will be included in the closing papers.

**CUSIP Numbers.** CUSIP identification numbers will be specified on the Bonds, but such numbers shall not constitute a part of the contract evidenced by the Bonds and any error or omission with respect thereto shall not constitute cause for refusal by the purchaser to accept delivery of and pay for the Bonds in accordance with the terms of the purchaser's bid.

**Bidding Documents.** The Preliminary Official Statement is in a form which the Commission "deems final" as of July 16, 1997 for purposes of Section (b)(1) of Securities and Exchange Commission Rule 15c2-12, but is subject to revision, amendment and completion in a final official statement as defined in Section (e)(3) of such rule. Copies of the Preliminary Official Statement and the Official Bid Form may be obtained from the Capital Finance Office, Department of Administration, Administration Building, 101 East Wilson Street - 10th Floor, Madison, Wisconsin 53702, (608) 266-2305, (608) 267-7399 or (608) 267-0374. Copies of these documents are also located on the internet at:

<http://www.doa.state.wi.us/debf/scf1.htm>

**Final Official Statements.** The Commission will furnish to the successful bidder, without cost, up to 1,000 copies of the final Official Statement within seven business days after the award of the Bonds.

Dated: July 23, 1997

Robert Brandherm, Secretary  
State of Wisconsin Building Commission

**MINORITY-OWNED UNDERWRITING FIRMS  
CERTIFIED BY THE  
WISCONSIN DEPARTMENT OF COMMERCE**

**June 9, 1997**

**Note:** The following list of minority-owned underwriting firms is provided for the information of potential bidders on the Bonds and does not constitute a part of the Official Notice of Sale. Minority participation in bids is strongly encouraged by the State but is not a requirement for submitting a bid.

Mr. Hugh Albritton III  
**A & M Securities, LLC**  
Three Riavina Dr. Ste 1470  
Atlanta, GA 30346  
770-551-7561

Mr. Elton Johnson, Jr.  
**Amerivet Dymally Securities Inc**  
9111 S LaCienega Blvd. 201  
Inglewood CA 90301  
310-641-6284

Mr. Leland Hardy  
**Asensio & Company, Inc.**  
555 Madison Avenue  
New York, NY 10022  
212-702-8800

Mr. Sano Shimoda  
**Bio Science Securities, Inc.**  
2 Theatre Square, #210  
Orinda, CA 94563  
510-253-9520

Mr. John Rezai  
**Blaylock & Partners, L.P.**  
111 South Calvert St. Ste 1560  
Baltimore, MD 21202  
800-747-5335

Ms. Benita Pierce  
**B. Pierce & Co. Inc.**  
12 Greene Street #3  
New York, NY 10013  
212-219-1114

Ms. Jennifer Greenberg  
**Capital International Securities**  
One S.E. Third Ave., #2250  
Miami, FL 33131  
305-373-6500

Mr. Rafael Carmona  
**Carmona Motley & Co., Inc.**  
19 West 44th Street #1510  
New York, NY 10036  
212-827-0610

Mr. Stephen R. Goodwin  
**Cartwright & Goodwin, Inc.**  
425 E. 86th St., Fl. 8  
New York, NY 10028-6449  
212-809-0877

Mr. Bernard Joel  
**Cathay Financial Corp.**  
450 Park Avenue #1100  
New York, NY 10022  
212-371-6700

Ms. Baunita Greer  
**Cromwell, Miller & Greer, Inc.**  
301 Cathedral Pkwy, #6S  
New York, NY 10026  
212-866-5520

Mr. Samuel D. Ewing, Jr.  
**Ewing Capital, Inc.**  
727 15th Street NW, Ste 700  
Washington, DC 20005  
202-737-1500

Mr. Claude Gregory  
**Financial & Realty Services, LLC**  
14505 Greenview Dr., #210  
Laurel, MD 20708  
301-490-5778

Ms. Sherlin Lee  
**First Honolulu Securities, Inc**  
900 Fort Street #950  
Honolulu, HI 96813  
808-523-9422

Mr. Christopher Gardner  
**Gardner Rich & Company**  
311 S. Wacker Dr., Ste 6060  
Chicago, IL 60606  
312-922-3333

Ms. Monique Georges  
**Grigsby Associates, Inc.**  
Ste. 2000  
101 California Street  
San Francisco, CA 94111  
415-392-4800

Ms. Lenda P. Washington  
**GRW Capital Corporation**  
N.W. Suite 10H  
1010 Vermont Ave  
Washington, DC 20005  
202-628-7090

Mr. Leopoldo E. Guzman  
**Guzman & Company**  
1200 Brickell Avenue 14th Fl  
Miami, FL 33131  
305-374-3600

Ms. Catherine Ryan  
**HCM Investments, Inc.**  
35 West Wacker Drive #3260  
Chicago, IL 60601  
312-553-1000

Mr. Kishor M. Parekh  
**Howard Gary & Company**  
3050 Biscayne Blvd, #603  
Miami, FL 33137-4163  
305-571-1380

Mr. Jonathan Hudson Webb  
**Hudson Knight Securities**  
300 S Wacker Dr. Ste 602  
Chicago, IL 60606  
312-663-9250

Ms. Marjorie Kelly  
**Innova Securities, Inc.**  
189 State St., 5th Fl  
Boston, MA 02109  
617-523-3033

Mr. Ronald Jackson  
**Jackson Partners & Assoc., Inc.**  
381 Park Avenue South, #621  
New York, NY 10016  
800-932-9863

Mr. Steven A. Michael  
**Jackson Securities, Inc.**  
100 Peachtree St. N.W., #2250  
Atlanta, GA 30303-1912  
404-522-5766

Mr. John Hsu  
**John Hsu Capital Group, Inc.**  
767 Third Avenue 18th Fl  
New York, NY 10017-2023  
212-223-7515

Mr. Harold G. Ognelodh  
**M R Beal & Company**  
565 Fifth Ave, Fl 8  
New York, NY 10017  
212-983-3900

Ms. Patricia Senese  
**May Davis Group**  
Wall Street Tower  
20 Exchange Place, Fl 49  
New York, NY 10005  
212-480-2710

Mr. Philip Y. Leung  
**Montrose Securities International**  
50 California Street, #3270  
San Francisco, CA 94111  
415-399-9955

Mr. Randolph T. Myricks  
**North Milwaukee Bancshares, Inc.**  
5630 West Fond du Lac Ave.  
Milwaukee, WI 53216  
414-466-2344

Mr. David Ormes  
**Ormes Capital Markets, Inc**  
1 Liberty Plaza, 31st Fl  
New York, NY 10006  
212-346-5334

**MINORITY-OWNED UNDERWRITING FIRMS  
CERTIFIED BY THE  
WISCONSIN DEPARTMENT OF COMMERCE  
June 9, 1997 Continued**

**Oro Financial Inc.**  
4037 Tulane Avenue, #100  
New Orleans, LA 70119-6829  
504-482-4116

Mr. Malcolm Pryor  
**Pryor, McClendon, Counts & Co.**  
1515 Market St., Ste. 819  
Philadelphia, PA 19102  
215-569-0274

Mr. George W. Graham  
**Samuel A. Ramirez & Co., Inc**  
61 Broadway, #2924  
New York NY 10006  
212-248-0500

Mr. Eric L. Small  
**SBK-Brooks Investment Corp.**  
824 Terminal Tower  
50 Public Square  
Cleveland, OH 44113  
216-861-6950

Ms. Elizabeth Collidge  
**Siebert, Brandford, Shank & Co., LLC**  
30 N LaSalle St., Suite 2120  
Chicago, IL 60602  
312-759-0400

Mr. Albert Sturdivant  
**Sturdivant & Co., Inc.**  
223 Gibbsboro Road  
Clementon, NJ 08021  
609-627-4500

Mr. Earl U. Bravo, Sr.  
**The Chapman Co.**  
401 East Pratt St., 28th Fl  
Baltimore, MD 21202  
410-625-9656

Mr. Christopher Williams  
**The Williams Capital Group L.P.**  
650 Fifth Avenue 3rd Floor  
New York NY 10019  
212-903-2200

Ms. Leticia P. Davis  
**Thomas & Davis, Inc.**  
175 W. Jackson Blvd. #A1859  
Chicago, IL 60604  
312-461-0120

Mr. Lehong Tran  
**Tran Financial Network**  
5618 Independence Rd.  
Racine, WI 53406  
414-390-4368

Ms. Phyllis M. Hollis  
**Utendahl Capital Partners, L.P.**  
30 Broad Street 31st Flr  
New York, NY 10004  
212-797-2660

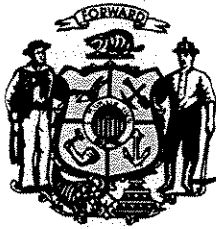
Mr. Vernon A. Reid, Jr.  
**V. A. Reid & Associates, Inc.**  
2 East Read Street Floor 5  
Baltimore, MD 21202-2232  
410-332-0893

Ms. Betty Lazard  
**W. R. Lazard & Co., Inc.**  
14 Wall Street  
New York, NY 10005-1705  
212-406-2700

Mr. Al Yee  
**Yee, Desmond, Schroeder & Allen**  
3443 N. Central Ave., So. Ro.  
Phoenix, AZ 85012-0000  
602-230-9372

STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION

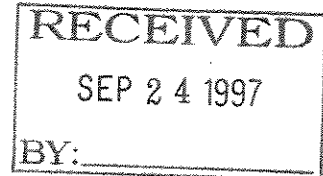
TOMMY G. THOMPSON  
GOVERNOR  
MARK D. BUGHER  
SECRETARY



Mailing Address:  
Capital Finance  
101 E. Wilson St., 10th Fl.  
Madison, WI 53707-7864

September 24, 1997

The Honorable Brian B. Burke, Co-Chair  
The Honorable Scott Jensen, Co-Chair  
Joint Committee on Finance  
115 South, State Capitol  
Madison, WI 53702



Dear Senator Burke, Representative Jensen and Members:

This report is required by subsection (7) of 18.16 of the Wisconsin Statutes and specifies the reason for not complying with subsections (2) to (5) of the same section for a specific issue of debt. On September 17, 1997 the Building Commission awarded the sale of \$45,000,000 State of Wisconsin General Obligation Bonds of 1997, Series C and \$45,000,000 State of Wisconsin General Obligation Bonds of 1997, Series D (Taxable). These were public sales conducted pursuant to Subchapter I of Chapter 18. The respective Official Notices of Sale, dated September 9, 1997, attached, set the terms and conditions of the sales and were available to all potential bidders.

The State received six bids for the Series C Bonds. The award was based on the lowest true interest cost rate to the State. The successful underwriters were a syndicate managed by Goldman, Sachs & Co. A list of the syndicate members is attached. The syndicate does not include any firms that have been certified by the Department of Commerce as minority owned.

The State also received six bids for the Series D Bonds (Taxable). The award was based on the lowest true interest cost rate to the State. The successful underwriters were a syndicate managed by Goldman, Sachs & Co. A list of the syndicate members is attached. The syndicate does not include any firms that have been certified by the Department of Commerce as minority owned.

Underwriting participation by minority owned firms is encouraged. There is a section "Minority Participation" in the Official Notice of Sale and a list of the certified firms including address, phone number and contact person was included in the bidding materials sent to each prospective bidder.

Sincerely,

  
Mark D. Bugher  
Secretary

Enc.

**\$45,000,000 State of Wisconsin G.O. Bonds of 1997, Series C**  
**\$45,000,000 State of Wisconsin G.O. Bonds of 1997, Series D (Taxable)**  
**Underwriting Syndicates**

Series C Bonds

Underwriters:

Book Running Manager:  
Goldman, Sachs & Co.

Members:

A.G. Edwards & Sons, Inc.  
Fleet Securities  
Lebenthal & Co., Inc.  
Piper Jaffray, Inc.  
Rauscher Pierce Refsnes, Inc.  
William E. Simon & Sons Municipal Securities Inc.  
Sterne, Agee & Leach Inc.  
Zions First National Bank Capital Markets.

Series D Bonds (Taxable)

Underwriters:

Book Running Manager:  
Goldman, Sachs & Co.

Member:

William Blair & Company, L.L.C.

## OFFICIAL NOTICE OF SALE

**\$45,000,000**

### STATE OF WISCONSIN

### GENERAL OBLIGATION BONDS OF 1997, SERIES C

#### Subject to Alternative Minimum Tax (AMT)

SEALED PROPOSALS will be received by the State of Wisconsin Building Commission (the "Commission") at the Reception Area — 10th Floor, Administration Building, 101 East Wilson Street, Madison, Wisconsin, until 10:00 A.M. (CDT) on September 17, 1997, when they will be publicly opened and read, for the purchase of \$45,000,000 State of Wisconsin General Obligation Bonds of 1997, Series C (the "Bonds") on the terms and conditions stated below.

**Terms of Bonds.** The Bonds will be dated September 15, 1997, and will be payable as to principal either through serial maturities or redemption from mandatory sinking fund payments (as specified by the successful bidder) on November 1 of each year, in the years and principal amounts as follows:

Year	Principal Amount*	Year	Principal Amount*
2000	\$ 250,000	2014	\$ 2,120,000
2001	270,000	2015	1,850,000
2002		2016	1,580,000
2003	1,445,000	2017	2,300,000
2004	1,645,000	2018	2,175,000
2005	1,390,000	2019	1,795,000
2006	1,480,000	2020	1,080,000
2007	1,935,000	2021	1,555,000
2008	2,035,000	2022	2,190,000
2009	2,445,000	2023	1,785,000
2010	2,765,000	2024	1,345,000
2011	2,655,000	2025	1,100,000
2012	2,600,000	2026	850,000
2013	2,360,000		

\*Each bid must specify whether the principal amount of the Bonds payable on a particular date will be a payment at maturity of a serial bond or a mandatory sinking fund payment of a term bond. The mandatory sinking fund payments of each term bond shall be on one or more consecutive annual payment dates immediately preceding the maturity date of such term bond provided that no term bond designated to mature on and after November 1, 2008 may contain any sinking fund payments prior to November 1, 2007. The mandatory sinking fund payment (if any) so specified for any year must be equal to the full principal amount of Bonds listed in the table above as payable in that year. The same interest rate specified for the nominal maturity of a term bond must also be specified for all mandatory sinking fund payments of such term bond.

The Bonds will bear interest, payable on May 1, 1998 and semiannually thereafter on the first day of May and November, at such rate or rates per annum as designated by the successful bidder in its official bid. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

**Optional Redemption.** The Bonds maturing in the years 2000 and 2001 and 2003 to 2008, inclusive, are not subject to optional redemption but are subject to special redemption as described later in this notice. The Bonds maturing on or after November 1, 2009 are subject to redemption at the option of the Commission on November 1, 2008 or any date thereafter, in whole or in part, in integral multiples of \$5,000. In the event of partial redemption, the Commission shall direct the maturity or maturities and the amount thereof so to be redeemed. Bonds redeemed prior to their stated dates of maturity shall be redeemable at 100% of principal amount plus accrued interest to the date of redemption.

**Mandatory Sinking Fund Redemption.** The Bonds of certain maturities will be subject to mandatory redemption prior to their respective stated maturity dates, in part, from mandatory sinking fund payments, to the extent the successful bidder specifies, in its bid, that the principal amount of the Bonds payable on certain dates shall constitute mandatory sinking fund payments of term bonds.

**Special Redemption.** All Bonds are subject to special redemption at the direction of the Commission, in whole or in part, on any date, at a redemption price of par plus accrued interest from (i) unexpended proceeds of the Bonds, (ii) payments on veterans housing loans, or interest or income on investments in certain accounts, including money available from the Insurance Reserve Account in excess of amounts required to meet the scheduled debt service on general obligation bonds issued for the purposes of funding veterans housing loans ("Veterans Mortgage Bonds"), and costs associated with the veterans housing loan program and (iii) prepayments of veterans housing loans funded from or attributed to any series of Veterans Mortgage Bonds.

**Book-Entry.** The Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. A single Bond certificate for each separate maturity will be issued to DTC and immobilized in its custody. Individual purchases will be made in book-entry-only form pursuant to the rules and procedures established between DTC and its participants, in the principal amount of \$5,000 and integral multiples thereof. Individual purchasers will not receive certificates evidencing their ownership of the Bonds purchased. The Bond certificates will be deposited with DTC as a condition of the closing. The State of Wisconsin (the "State") will make payments of principal and interest on the Bonds on the dates set forth above, to DTC or its nominee as registered owner of the Bonds in same-day funds. Transfer of said payments to participants of DTC will be the responsibility of DTC; transfer of said payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by rules and procedures of DTC and the participants. No assurance can be given by the State that DTC, its participants and other nominees of beneficial owners will make prompt transfer of said payments. The State assumes no liability for failures of DTC, its participants or other nominees to promptly transfer said payments to beneficial owners of the Bonds.

**Notice to Securities Depository.** Notices, if any, given by the State to the securities depository are redistributed in the same manner as are payments. The State assumes no liability for the failure of the securities depository, its participants or other nominees to promptly transfer said notices to the beneficial owners of the Bonds. The State is not responsible for supervising the activities or reviewing the records of the securities depository or its direct and indirect participants.

**Successor to Securities Depository.** In the event that the securities depository relationship with the securities depository is terminated and the Commission does not appoint a successor securities depository, the Commission will prepare, authenticate and deliver, at its expense, fully registered certificated Bonds in the denominations of \$5,000 or any integral multiple thereof in the aggregate principal amount of Bonds of the same maturities and interest rates then outstanding to the beneficial owners of the Bonds as identified to the Commission by the securities depository and its participants.

**Purpose and Pledge.** The Bonds will be issued, to make funds available for veterans housing loans, pursuant to Chapter 18 of the Wisconsin Statutes, as amended (the "Act") and an authorizing resolution adopted by the Commission on July 31, 1997, as amended and supplemented on September 17, 1997 (the "Authorizing Resolution"). The Bonds will be direct and general obligations of the State. The full faith, credit and taxing power of the State will be irrevocably pledged to the payment of the principal of and interest on the Bonds, and there will be irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for the payment of the principal of and interest on the Bonds.

**Minority Participation.** It is the policy of the Commission to endeavor to ensure that 6% of the Bonds are underwritten by firms that are certified by the State as being minority owned. The Commission urges prospective bidders to obtain from the Commission a list of firms so certified and to include such firms in their bidding group. The Commission further encourages certified minority-owned firms to submit bids directly and to assemble bidding groups for the submission of bids. Minority-owned firms which are not yet certified by the State and wish to be, may contact the Wisconsin Department of Commerce, Bureau of Minority Business Development (608) 267-9550.



**No Bond Insurance.** The award of the Bonds will be made with the understanding that no bond insurance will be used in connection with the primary offering of the Bonds. The successful bidder shall certify to the Commission, prior to the delivery of the Bonds, that no bond insurance policy has been obtained by or on behalf of it or any other member of its underwriting group (whether or not a member of the bidding group) during the "primary offering" of the Bonds (as such term is defined in paragraph (f)(7) of Securities and Exchange Commission Rule 15c2-12). This requirement does not prohibit insuring the Bonds in secondary market transactions or with portfolio insurance.

**Official Bid Form and Award.** Proposals must be made using the Official Bid Form. The Bonds will be awarded at the lowest true interest cost rate to the State. The true interest cost rate for each bid will be determined on the basis of present value by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments to September 15, 1997 and to the price bid. In the event two or more bids specify the same lowest true interest cost rate, then the award will be made to the bidder with the lowest true interest cost rate and the largest minority-owned firm participation, or, if such bidders have an equal amount of minority-owned participation, then selection for award will be made among such bidders by the Secretary of the Commission by lot.

Each bid shall indicate an interest rate for each maturity and a purchase price for the Bonds. Each interest rate bid must be a multiple of 0.05%. A bid must be for all of the Bonds and may be for any purchase price not less than 98% of the par amount of the Bonds (\$44,100,000.00) nor greater than 101% of the par amount of the Bonds (\$45,450,000.00). There shall be only one interest rate per maturity. Bonds may not have an initial offering price less than 98.5% of par. No later than one-half hour after verbal notification of being the apparent high bidder, the "when, as and if issued" offering prices of all the Bonds must be communicated to the Capital Finance Office. The Commission reserves the right to waive any informality or irregularity in any bid or condition of this Official Notice of Sale and to reject any or all bids.

**Bid Deposit.** A certified, official or cashier's check must be provided, or a financial surety bond submitted, for each bid, payable to the order of the State of Wisconsin, in the amount of \$900,000. If a check is provided it must accompany the bid. If a financial surety bond is submitted, it must be from an insurance company licensed to issue such a bond in the State of Wisconsin and acceptable to the Commission, and such bond must be submitted to the Capital Finance Office prior to the opening of the bids. The financial surety bond must identify each bidder whose deposit is guaranteed by such bond. Each bidder submitting a financial surety bond should determine for itself that the financial surety bond is submitted prior to the bidding deadline. If the bid is awarded to a bidder that has submitted a financial surety bond, the bidder is required to provide the good-faith deposit in immediately available funds not later than 1:30 p.m. CDT on September 18, 1997. If the good-faith deposit is not timely, the Commission may draw on the financial surety bond. Bids shall be enclosed in a sealed envelope marked on the outside, in substance, *Bid for State of Wisconsin General Obligation Bonds of 1997, Series C*.

**Good-Faith Deposit.** The good-faith deposit of the successful bidder will be cashed. All checks of unsuccessful bidders will be returned immediately upon award of the Bonds. No interest will be allowed on the amount of the good-faith deposit. The proceeds of the good-faith deposit of the successful bidder will be applied to the purchase price of the Bonds, or in the event of the failure of the successful bidder to take up and pay for the Bonds in compliance with the terms of the bid, at the option of the Commission, its good-faith deposit may be retained as liquidated damages or, at the further option of the Commission, may be retained as partial payment of actual damages or as security for any other remedy available to the Commission. The amount of the good-faith deposit is to be returned to the successful bidder on the failure of the Commission to perform in accordance with the terms of this Official Notice of Sale and the bid. All bids shall remain firm for six hours after the time specified for the opening of bids and an award of the Bonds, or rejection of all bids, will be made by the Commission within said period of time.

**Certification of Price.** The successful bidder shall certify to the Commission, prior to delivery of the Bonds, the initial offering price to the public of the Bonds awarded to the bidder, together with such other information as may be required by the Commission to enable it to determine the "issue price" of the Bonds awarded to such bidder as defined in Section 1274 of the Internal Revenue Code of 1986, as amended.

**Closing and Delivery.** The Bonds will be delivered to DTC no later than October 7, 1997. The closing will be at State Street Bank and Trust Company, N.A., 65 Broadway, New York, New York, at or about 9:00 A.M. (EDT), or at another mutually agreeable location, on or about October 8, 1997. Payment for the Bonds must be made by wire in immediately available funds for credit at Firstar Bank Milwaukee, N.A. at said date and time. Should delivery be delayed beyond 45 days from date of sale for any reason beyond the control of the State except failure of performance by the successful bidder, the State may cancel the award or the successful bidder may demand return of its good-faith deposit and thereafter its interest in and liability for the Bonds will cease.

**Bond Opinion.** The legality of the Bonds will be approved by Foley & Lardner, bond counsel, whose unqualified approving opinion will be furnished to the successful bidder without cost upon the delivery of the Bonds. There will also be furnished upon the delivery of the Bonds the usual closing papers, including a certificate stating that there is no litigation pending or threatened affecting the validity of or security for the Bonds, and a certificate to the effect that the Official Statement prepared in connection with the sale of the Bonds, as of the date of the Official Statement and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

**Tax Exemption.** Under existing law interest on the Bonds is excluded from gross income for federal income tax purposes. Under existing law interest on the Bonds is an item of tax preference for purposes of the federal alternative minimum tax.

**Continuing Disclosure.** In order to assist bidders in complying with Section (b)(5) of Securities and Exchange Commission Rule 15c2-12, as amended, the State has executed a Master Agreement on Continuing Disclosure and a Supplemental Agreement specifically for the Bonds (the "Continuing Disclosure Documents"). The Continuing Disclosure Documents will be included in the transcript of proceedings.

**CUSIP Numbers.** CUSIP identification numbers will be specified on the Bonds, but such numbers shall not constitute a part of the contract evidenced by the Bonds and any error or omission with respect thereto shall not constitute cause for refusal by the purchaser to accept delivery of and pay for the Bonds in accordance with the terms of the purchaser's bid.

**Bidding Documents.** The Preliminary Official Statement is in a form which the Commission "deems final" as of September 2, 1997 for purposes of Section (b)(1) of Securities and Exchange Commission Rule 15c2-12, but is subject to revision, amendment and completion in a final official statement as defined in Section (e)(3) of such rule. Copies of the Preliminary Official Statement and the Official Bid Form may be obtained from the Capital Finance Office, Department of Administration, Administration Building, 10th Floor, 101 East Wilson Street, Madison, Wisconsin 53703, (608) 266-2305, (608) 267-7399 or (608) 267-0374.

**Final Official Statements.** The Commission will furnish to the successful bidder, without cost, up to 1,000 copies of the final Official Statement within seven business days after the award of the Bonds.

Dated: September 9, 1997

Robert Brandherm, Secretary  
State of Wisconsin Building Commission

## OFFICIAL NOTICE OF SALE

**\$45,000,000**

### STATE OF WISCONSIN

#### GENERAL OBLIGATION BONDS OF 1997, SERIES D (TAXABLE)

SEALED PROPOSALS will be received by the State of Wisconsin Building Commission (the "Commission") at the Reception Area — 10th Floor, Administration Building, 101 East Wilson Street, Madison, Wisconsin, until 10:30 A.M. (CDT) on September 17, 1997, when they will be publicly opened and read, for the purchase of \$45,000,000 State of Wisconsin General Obligation Bonds of 1997, Series D (the "Series D Bonds (Taxable)") on the terms and conditions stated below.

**Terms of Bonds.** The Series D Bonds (Taxable) will be dated September 15, 1997, and will be payable as to principal either through serial maturities or redemption from mandatory sinking fund payments (as specified by the successful bidder) on November 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount*</u>	<u>Year</u>	<u>Principal Amount*</u>
1999	\$ 550,000	2014	\$1,140,000
2000	585,000	2015	1,235,000
2001	635,000	2016	1,325,000
2002	680,000	2017	1,430,000
2003	730,000	2018	1,545,000
2004	780,000	2019	1,670,000
2005	835,000	2020	1,805,000
2006	900,000	2021	1,945,000
2007	970,000	2022	2,105,000
2008	1,030,000	2023	2,275,000
2009	1,110,000	2024	2,450,000
2010	1,195,000	2025	2,650,000
2011	1,275,000	2026	2,865,000
2012	1,375,000	2027	3,090,000
2013	1,480,000	2028	3,340,000

Each bid must specify whether the principal amount of the Series D Bonds (Taxable) payable on a particular date will be a payment at maturity of a serial bond or a mandatory sinking fund payment of a term bond. The mandatory sinking fund payments of each term bond shall be on one or more consecutive annual payment dates immediately preceding the maturity date of such term bond, provided that no term bond designated to mature on and after November 1, 2008 may contain any sinking fund payment prior to November 1, 2007. The mandatory sinking fund payment (if any) so specified for any year must be equal to the full principal amount of Series D Bonds (Taxable) listed in the table above as payable in that year. The same interest rate specified for the nominal maturity of a term bond must also be specified for all mandatory sinking fund payments of such term bond.

\* Preliminary; subject to change. The final principal amount for each maturity or mandatory sinking fund payment of the Series D Bonds (Taxable) will be determined by the Commission after verification of the bids. See "ADJUSTMENT OF PRINCIPAL AMOUNT AND PURCHASE PRICE" in this Official Notice of Sale.

The Series D Bonds (Taxable) will bear interest, payable on May 1, 1998 and semiannually thereafter on the first day of May and November, at such rate or rates per annum as designated by the successful bidder in its official bid. Interest on the Series D Bonds (Taxable) will be computed on the basis of a 360-day year of twelve 30-day months.

**Optional Redemption.** The Series D Bonds (Taxable) maturing in the years 1999 to 2008, inclusive, are not subject to optional redemption but are subject to special redemption as described later in this notice. The Series D Bonds (Taxable) maturing on or after November 1, 2009 are subject to redemption at the option of the Commission on November 1, 2008 or any date thereafter, in whole or in part, in integral multiples of \$5,000. In the event of partial redemption, the Commission shall direct the maturity or maturities and the amount thereof so to be redeemed. Series D Bonds (Taxable) redeemed prior to their stated dates of maturity shall be redeemable at 100% of principal amount plus accrued interest to the date of redemption.

**Mandatory Sinking Fund Redemption.** The Series D Bonds (Taxable) of certain maturities will be subject to mandatory redemption prior to their respective stated maturity dates, in part, from mandatory sinking fund payments, to the extent the successful bidder specifies, in its bid, that the principal amount of the Series D Bonds (Taxable) payable on certain dates shall constitute mandatory sinking fund payments of term bonds.

**Special Redemption.** All Series D Bonds (Taxable) are subject to special redemption at the direction of the Commission, in whole or in part at a redemption price of par plus accrued interest on September 15, 1999 or any date thereafter from unexpended proceeds of the Series D Bonds (Taxable) and on any date from (i) prepayments of veterans housing loans, or interest or income on investments in certain accounts funded from the Series D Bonds (Taxable) or (ii) payments from the Insurance Reserve Account. All special redemptions are intended to be pro rata on all applicable outstanding maturities, subject to rounding, reflecting approximately their original intended use for either home improvement loans or housing loans.

**Book-Entry.** The Series D Bonds (Taxable) will be issued as fully registered bonds without coupons and, when issued, will be registered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Series D Bonds (Taxable). A single bond certificate for each separate maturity will be issued to DTC and immobilized in its custody. Individual purchases will be made in book-entry-only form pursuant to the rules and procedures established between DTC and its participants, in the principal amount of \$5,000 and integral multiples thereof. Individual purchasers will not receive certificates evidencing their ownership of the Series D Bonds (Taxable) purchased. The bond certificates will be deposited with DTC as a condition of the closing. The State of Wisconsin (the "State") will make payments of principal and interest on the Series D Bonds (Taxable) on the dates set forth above, to DTC or its nominee as registered owner of the Series D Bonds (Taxable) in same-day funds. Transfer of said payments to participants of DTC will be the responsibility of DTC; transfer of said payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by rules and procedures of DTC and the participants. No assurance can be given by the State that DTC, its participants and other nominees of beneficial owners will make prompt transfer of said payments. The State assumes no liability for failures of DTC, its participants or other nominees to promptly transfer said payments to beneficial owners of the Series D Bonds (Taxable).

**Notice to Securities Depository.** Notices, if any, given by the State to the securities depository are redistributed in the same manner as are payments. The State assumes no liability for the failure of the securities depository, its participants or other nominees to promptly transfer said notices to the beneficial owners of the Series D Bonds (Taxable). The State is not responsible for supervising the activities or reviewing the records of the securities depository or its direct and indirect participants.

**Successor to Securities Depository.** In the event that the securities depository relationship with the securities depository is terminated and the Commission does not appoint a successor securities depository, the Commission will prepare, authenticate and deliver, at its expense, fully registered certificated bonds in the denominations of \$5,000 or any integral multiple thereof in the aggregate principal amount of Series D Bonds (Taxable) of the same maturities and interest rates then outstanding to the beneficial owners of the Series D Bonds (Taxable) as identified to the Commission by the securities depository and its participants.

**Purpose and Pledge.** The Series D Bonds (Taxable) will be issued, to make funds available for veterans housing loans, pursuant to Chapter 18 of the Wisconsin Statutes, as amended (the "Act") and an authorizing resolution adopted by the Commission on July 31, 1997, as amended and supplemented on September 17, 1997 (the "Authorizing Resolution"). The Series D Bonds (Taxable) will be direct and general obligations of the State. The full faith, credit and taxing power of the State will be irrevocably pledged to the payment of the principal of and interest on the Series D Bonds (Taxable), and there will be irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for the payment of the principal of and interest on the Series D Bonds (Taxable).

**Minority Participation.** It is the policy of the Commission to endeavor to ensure that 6% of the Series D Bonds (Taxable) are underwritten by firms that are certified by the State as being minority owned. The Commission urges prospective bidders to obtain from the Commission a list of firms so certified and to include such firms in their bidding group. The Commission further encourages certified minority-owned firms to submit bids directly and to assemble bidding groups for the submission of bids. Minority-owned firms which are not yet certified by the State and wish to be, may contact the Wisconsin Department of Commerce, Bureau of Minority Business Development (608) 267-9550.

**No Bond Insurance.** The award of the Series D Bonds (Taxable) will be made with the understanding that no bond insurance will be used in connection with the primary offering of the Series D Bonds (Taxable). The successful bidder shall certify to the Commission, prior to the delivery of the Series D Bonds (Taxable), that no bond insurance policy has been obtained by or on behalf of it or any other member of its underwriting group (whether or not a member of the bidding group) during the "primary offering" of the Series D Bonds (Taxable) (as such term is defined in paragraph (f)(7) of Securities and Exchange Commission Rule 15c2-12). This requirement does not prohibit insuring the Series D Bonds (Taxable) in secondary market transactions or with portfolio insurance.

**Official Bid Form and Award.** Proposals must be made using the Official Bid Form. The Series D Bonds (Taxable) will be awarded at the lowest true interest cost rate to the State. The true interest cost rate for each bid will be determined on the basis of present value by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments to September 15, 1997 and to the price bid. In the event two or more bids specify the same lowest true interest cost rate, then the award will be made to the bidder with the lowest true interest cost rate and the largest minority-owned firm participation, or, if such bidders have an equal amount of minority-owned participation, then selection for award will be made among such bidders by the Secretary of the Commission by lot.

Each bid shall indicate an interest rate for each maturity and a purchase price for the Series D Bonds (Taxable). Each interest rate bid must be a multiple of 0.05%. A bid must be for all of the Series D Bonds (Taxable) and may be for any purchase price not less than 98% of the par amount of the Series D Bonds (Taxable) (\$44,100,000.00) nor greater than 101% of the par amount of the Series D Bonds (Taxable) (\$45,450,000.00). There shall be only one interest rate per maturity. Series D Bonds (Taxable) may not have an initial offering price less than 98.5% of par. No later than one-quarter hour after verbal notification of being the apparent high bidder, the "when, as and if issued" offering prices of all the Series D Bonds (Taxable), which correspond to the purchase price and gross spread on the Official Bid Form, must be communicated to the Capital Finance Office. The Commission reserves the right to waive any informality or irregularity in any bid or condition of this Official Notice of Sale and to reject any or all bids.

**Adjustment of Principal Amounts and Purchase Price.** After selecting the winning bid, the Commission will determine the final principal amount of each maturity or mandatory sinking fund payment (the "Final Maturity Amounts") for the Series D Bonds (Taxable). Each of the maturities or mandatory sinking fund payments listed above may be decreased or increased by an amount not to exceed 10% of the maturity or mandatory sinking fund payment. The aggregate par amount of the Series D Bonds (Taxable) shall not change. Such adjusted principal amounts for each maturity or mandatory sinking fund payment shall constitute the Final Maturity Amounts. The successful bidder may not withdraw its bid or change the interest rates bid or the initial reoffering prices as a result of any changes made to the bid amounts within these limits. The Final Maturity Amounts will be communicated to the successful bidder by 3:30 PM (C.D.T.) on the day of the sale. The purchase price bid by the successful bidder will be adjusted. Any adjustment made in the purchase price will be made to maintain the gross spread calculated for the original bid, based upon the interest rates set forth in the Official Bid Form and the assumed "when, as and if issued" offering prices of the Series D Bonds (Taxable).

**Bid Deposit.** A certified, official or cashier's check must be provided, or a financial surety bond submitted, for each bid, payable to the order of the State of Wisconsin, in the amount of \$900,000. If a check is provided it must accompany the bid. If a financial surety bond is submitted, it must be from an insurance company licensed to issue such a bond in the State of Wisconsin and acceptable to the Commission, and such bond must be submitted to the Capital Finance Office prior to the opening of the bids. The financial surety bond must identify each bidder whose deposit is guaranteed by such bond. Each bidder submitting a financial surety bond should determine for itself that the financial surety bond is submitted prior to the bidding deadline. If the bid is awarded to a bidder that has submitted a financial surety bond, the bidder is required to provide the good-faith deposit in immediately available funds not later than 1:30 p.m. CDT on September 18, 1997. If the good-faith deposit is not timely, the Commission may draw on the financial surety bond. Bids shall be enclosed in a sealed envelope marked on the outside, in substance, *Bid for State of Wisconsin General Obligation Bonds of 1997, Series D (Taxable)*.

**Good-Faith Deposit.** The good-faith deposit of the successful bidder will be cashed. All checks of unsuccessful bidders will be returned immediately upon award of the Series D Bonds (Taxable). No interest will be allowed on the amount of the good-faith

deposit. The proceeds of the good-faith deposit of the successful bidder will be applied to the purchase price of the Series D Bonds (Taxable), or in the event of the failure of the successful bidder to take up and pay for the Series D Bonds (Taxable) in compliance with the terms of the bid, at the option of the Commission, its good-faith deposit may be retained as liquidated damages or, at the further option of the Commission, may be retained as partial payment of actual damages or as security for any other remedy available to the Commission. The amount of the good-faith deposit is to be returned to the successful bidder on the failure of the Commission to perform in accordance with the terms of this Official Notice of Sale and the bid. All bids shall remain firm for six hours after the time specified for the opening of bids and an award of the Series D Bonds (Taxable), or rejection of all bids, will be made by the Commission within said period of time.

**Closing and Delivery.** The Series D Bonds (Taxable) will be delivered to DTC no later than October 7, 1997. The closing will be at State Street Bank and Trust Company, N.A., 65 Broadway, New York, New York, at or about 9:00 A.M. (EDT), or at another mutually agreeable location, on or about October 8, 1997. Payment for the Series D Bonds (Taxable) must be made by wire in immediately available funds for credit at Firststar Bank Milwaukee, N.A. at said date and time. Should delivery be delayed beyond 45 days from date of sale for any reason beyond the control of the State except failure of performance by the successful bidder, the State may cancel the award or the successful bidder may demand return of its good-faith deposit and thereafter its interest in and liability for the Series D Bonds (Taxable) will cease.

**Bond Opinion.** The legality of the Series D Bonds (Taxable) will be approved by Foley & Lardner, bond counsel, whose unqualified approving opinion will be furnished to the successful bidder without cost upon the delivery of the Series D Bonds (Taxable). There will also be furnished upon the delivery of the Series D Bonds (Taxable) the usual closing papers, including a certificate stating that there is no litigation pending or threatened affecting the validity of or security for the Series D Bonds (Taxable), and a certificate to the effect that the Official Statement prepared in connection with the sale of the Series D Bonds (Taxable), as of the date of the Official Statement and as of the date of delivery of the Series D Bonds (Taxable), does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

**Tax Exemption.** Under existing law interest on the Series D Bonds (Taxable) is not excluded from gross income for federal income tax purposes.

**Continuing Disclosure.** In order to assist bidders in complying with Section (b)(5) of Securities and Exchange Commission Rule 15c2-12, as amended, the State has executed a Master Agreement on Continuing Disclosure and a Supplemental Agreement specifically for the Series D Bonds (Taxable) (the "Continuing Disclosure Documents"). The Continuing Disclosure Documents will be included in the transcript of proceedings.

**CUSIP Numbers.** CUSIP identification numbers will be specified on the Series D Bonds (Taxable), but such numbers shall not constitute a part of the contract evidenced by the Series D Bonds (Taxable) and any error or omission with respect thereto shall not constitute cause for refusal by the purchaser to accept delivery of and pay for the Series D Bonds (Taxable) in accordance with the terms of the purchaser's bid.

**Bidding Documents.** The Preliminary Official Statement is in a form which the Commission "deems final" as of September 2, 1997 for purposes of Section (b)(1) of Securities and Exchange Commission Rule 15c2-12, but is subject to revision, amendment and completion in a final official statement as defined in Section (c)(3) of such rule. Copies of the Preliminary Official Statement and the Official Bid Form may be obtained from the Capital Finance Office, Department of Administration, Administration Building, 10th Floor, 101 East Wilson Street, Madison, Wisconsin 53703, (608) 266-2305, (608) 267-7399 or (608) 267-0374.

**Final Official Statements.** The Commission will furnish to the successful bidder, without cost, up to 1,000 copies of the final Official Statement within seven business days after the award of the Series D Bonds (Taxable).

Dated: September 9, 1997

Robert Brandherm, Secretary  
State of Wisconsin Building Commission

THIS PRELIMINARY OFFICIAL STATEMENT is in a form "deemed final" by the State for purposes of SEC Rule 15c2-12(b)(1) but IS SUBJECT TO REVISION, AMENDMENT AND COMPLETION IN A FINAL OFFICIAL STATEMENT. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

## PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 2, 1997

### New Issues

*In the opinion of Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, and other federal tax legislation, interest on the Series C Bonds is excluded from gross income for federal income tax purposes and is an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Series D Bonds (Taxable) is included in gross income for federal income taxes under existing laws. The Bonds may be subject to certain other federal income tax consequences as described under "OTHER INFORMATION; Tax Matters" herein.*

**\$90,000,000**

## STATE OF WISCONSIN

### **\$45,000,000 GENERAL OBLIGATION BONDS OF 1997, SERIES C** **Subject to Alternative Minimum Tax (AMT)**

### **\$45,000,000 GENERAL OBLIGATION BONDS OF 1997, SERIES D** **(TAXABLE)**

**DATED: September 15, 1997**

**DUE: November 1 as shown on inside front cover**

The \$45,000,000 State of Wisconsin General Obligation Bonds of 1997, Series C (the "Series C Bonds") and the \$45,000,000 State of Wisconsin General Obligation Bonds of 1997, Series D (the "Series D Bonds (Taxable)") (the Series C Bonds and the Series D Bonds (Taxable) are collectively referred to as the "Bonds") will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 and integral multiples thereof. Beneficial Owners (as defined herein) will not receive certificates representing their interest in the Bonds purchased. Interest is payable on May 1, 1998 and semiannually thereafter on May 1 and November 1 of each year. All payments of principal and interest on the Bonds will be paid by the State Treasurer as Paying Agent and Registrar to DTC, which will in turn remit such payments to DTC's Participants for subsequent disbursement to the Beneficial Owners of the Bonds, as described herein. See "THE BONDS; Book-Entry-Only Form".

The Bonds may, under certain circumstances, be redeemed at par prior to their stated date of maturity, as more fully described in this Official Statement. See "THE BONDS; Redemption Provisions".

The rates shown on the inside front cover are the interest rates payable by the State resulting from the bids for the Bonds on September 17, 1997, by the successful bidders. Certain information concerning the terms of the reoffering of the Bonds has been provided by the successful bidders. See "OTHER INFORMATION; Reference Information About the Bonds".

The Bonds offered are being issued pursuant to Chapters 18, 20 and 45 of the Wisconsin Statutes, as amended (the "Act"), authorizing resolutions duly adopted by the State of Wisconsin Building Commission on July 31, 1997, as amended and supplemented on September 17, 1997, and in accordance with the respective Official Notice of Sale.

*Delivery of the Bonds is subject to the receipt of an unqualified approving opinion of Foley & Lardner, Bond Counsel, and other conditions specified in the respective Official Notice of Sale. The Bonds will be available for delivery on or about October 8, 1997, in New York, New York.*

September 17, 1997

**SEALED BIDS FOR THE SERIES C BONDS WILL BE RECEIVED AT 10:00 AM (C.D.T.)  
ON SEPTEMBER 17, 1997**

**SEALED BIDS FOR THE SERIES D BONDS (TAXABLE) WILL BE RECEIVED AT 10:30 AM (C.D.T.)  
ON SEPTEMBER 17, 1997**

**MATURITIES, PRINCIPAL AMOUNTS, AND INTEREST RATES**

**\$90,000,000**

**STATE OF WISCONSIN**

**\$45,000,000 GENERAL OBLIGATION BONDS OF 1997, SERIES C**

**Subject to Alternative Minimum Tax (AMT)**

<u>Year</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Year</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>
2000	\$ 250,000		2014	\$ 2,120,000	
2001	270,000		2015	1,850,000	
2002			2016	1,580,000	
2003	1,445,000		2017	2,300,000	
2004	1,645,000		2018	2,175,000	
2005	1,390,000		2019	1,795,000	
2006	1,480,000		2020	1,080,000	
2007	1,935,000		2021	1,555,000	
2008	2,035,000		2022	2,190,000	
2009	2,445,000		2023	1,785,000	
2010	2,765,000		2024	1,345,000	
2011	2,655,000		2025	1,100,000	
2012	2,600,000		2026	850,000	
2013	2,360,000				

**\$45,000,000 GENERAL OBLIGATION BONDS OF 1997, SERIES D**

**(TAXABLE)**

<u>Year</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Year</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>
1999	\$ 550,000		2014	\$1,140,000	
2000	585,000		2015	1,235,000	
2001	635,000		2016	1,325,000	
2002	680,000		2017	1,430,000	
2003	730,000		2018	1,545,000	
2004	780,000		2019	1,670,000	
2005	835,000		2020	1,805,000	
2006	900,000		2021	1,945,000	
2007	970,000		2022	2,105,000	
2008	1,030,000		2023	2,275,000	
2009	1,110,000		2024	2,450,000	
2010	1,195,000		2025	2,650,000	
2011	1,275,000		2026	2,865,000	
2012	1,375,000		2027	3,090,000	
2013	1,480,000		2028	3,340,000	

\*Each successful bidder has the right to specify whether the principal amount of Bonds it purchases that are payable on a particular date will be a payment at maturity of a serial bond or a mandatory sinking fund payment of a term bond.



No dealer, broker, sales representative or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State of Wisconsin or other matters contained herein since the date hereof.

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# STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF BONDS

## BUILDING COMMISSION MEMBERS

### Voting Members

Governor Tommy G. Thompson, Chairperson	Term of Office Expires January 4, 1999
Senator Fred A. Risser, Vice-Chairperson	January 8, 2001
Senator Rodney C. Moen	January 4, 1999
Senator Tim Weeden	January 4, 1999
Representative Timothy Hoven	January 4, 1999
Representative Clifford Otte	January 4, 1999
Representative Robert Turner	January 4, 1999
Mr. Bryce Styza, Citizen Member	At the pleasure of the Governor

### Nonvoting, Advisory Members

Mr. Mark D. Bugher, Secretary Department of Administration	At the pleasure of the Governor
Mr. Adel Tabrizi, State Chief Engineer Department of Administration	_____
Mr. Wilbert King, State Chief Architect Department of Administration	_____

### Building Commission Secretary

Mr. Robert Brandherm (also serves as Administrator, Division of Facilities Development of the Department of Administration)	At the pleasure of the Building Commission and Secretary of Administration
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## OTHER PARTICIPANTS

Mr. Jack C. Voight State Treasurer	January 4, 1999
Mr. James E. Doyle State Attorney General	January 4, 1999

## DEBT MANAGEMENT AND DISCLOSURE

Department of Administration  
Capital Finance Office  
P.O. Box 7864  
101 E. Wilson Street, 10th Floor  
Madison, WI 53707-7864  
Telefax (608) 266-7645  
capfin@mail.state.wi.us

Mr. Frank R. Hoadley  
Capital Finance Director  
(608) 266-2305  
hoadlf@mail.state.wi.us

Mr. Lawrence K. Dallia  
Assistant Capital Finance Director  
(608) 267-7399  
dallil@mail.state.wi.us

Mr. David R. Erdman  
Capital Finance Officer  
(608) 267-0374  
erdmad@mail.state.wi.us

As of the date of this Official Statement, additional information about the State of Wisconsin  
can be found on the internet at:

<http://badger.state.wi.us/statewide.html>

## SUMMARY DESCRIPTION OF BONDS

*Information set forth on this page is qualified by the entire Official Statement. A full review of the entire Official Statement should be made by potential investors.*

Description:	State of Wisconsin General Obligation Bonds of 1997, Series C and General Obligation Bonds of 1997, Series D (Taxable)
Principal Amount:	\$45,000,000 Series C Bonds and \$45,000,000 Series D Bonds (Taxable)
Denominations:	\$5,000 and integral multiples
Date of Issue:	September 15, 1997
Record Date:	April 15 or October 15
Interest Payment:	May 1 and November 1, commencing May 1, 1998
Maturities:	Series C Bonds mature November 1, 2000, 2001 and 2003-2026* and Series D Bonds (Taxable) mature November 1, 1999-2028*— <i>See inside front cover</i>
Redemption:	<i>Mandatory Sinking Fund*</i> —Series C Bonds maturing November 1, are subject to mandatory sinking fund redemption at par, and Series D Bonds (Taxable) maturing November 1, are subject to mandatory sinking fund redemption at par— <i>See pages 4-5</i>  <i>Optional</i> —Bonds of each series maturing on or after November 1, 2009 are subject to optional redemption at par beginning November 1, 2008— <i>See page 5</i>  <i>Special</i> —Bonds of each series are subject to special redemption at par— <i>See pages 5-9</i>
Form:	Book-entry-only— <i>See pages 2-4</i>
Paying Agent:	All payments of principal and interest on the Bonds will be paid by the State Treasurer. All payments will be made to The Depository Trust Company, which will distribute payments to Beneficial Owners as described herein.
Security:	The Bonds are general obligations.
Authority for Issuance:	The Bonds are issued under Article VIII of the Wisconsin Constitution and Chapters 18, 20 and 45 of the Wisconsin Statutes.
Purpose:	Proceeds of each series of Bonds will be used for veterans housing loans.
Additional General Obligation Debt:	The State may issue additional general obligation debt.
Legality of Investment:	The Bonds are legal investments for all banks, trust companies, savings banks and institutions, savings and loan associations, credit unions, investment companies and other persons or entities carrying on a banking business in Wisconsin; for all executors, administrators, guardians, trustees and other fiduciaries in Wisconsin; for the State and all public officers, municipal corporations, political subdivisions and public bodies in Wisconsin.
Tax Exemption:	<i>Federal income tax</i> —Interest on the Series C Bonds is not included in gross income and is an item of tax preference. Interest on the Series D Bonds (Taxable) is included in gross income for federal income tax purposes.  <i>Wisconsin state income and franchise tax</i> —Not exempt— <i>See pages 15-20</i>
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner— <i>See page B-1</i>
Bidding Requirements:	Separate bids will be required for the Series C Bonds and Series D Bonds (Taxable). Bids must be for all or none of the respective series of Bonds and at not less than 98% nor greater than 101% of the respective par value. Bids for each series of Bonds must be accompanied by a bid deposit in the form of a certified, official or cashier's check in the amount of \$900,000, or a financial surety bond must be presented to the Capital Finance Office. The award for each series of Bonds will be made at lowest true interest cost (TIC) rate to September 15, 1997— <i>See respective Official Notice of Sale</i>

\* Each successful bidder has the right to specify whether the principal amount of Bonds it purchases that are payable on a particular date will be a payment at maturity of a serial bond or a mandatory sinking fund payment of a term bond.

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**OFFICIAL STATEMENT**  
**\$90,000,000**  
**STATE OF WISCONSIN**

**\$45,000,000 GENERAL OBLIGATION BONDS OF 1997, SERIES C**  
**Subject to Alternative Minimum Tax (AMT)**

**\$45,000,000 GENERAL OBLIGATION BONDS OF 1997, SERIES D**  
**(TAXABLE)**

The issuer of the Bonds described herein is the State of Wisconsin (the "State"). The State is located in the Midwest among the northernmost tier of states. The State ranks 18th among the states in population and 26th in land area. Wisconsin attained statehood in 1848, its capital is Madison and its largest city is Milwaukee.

The State of Wisconsin Building Commission (the "Commission"), an agency of the State, is empowered by law to consider, act upon, authorize, issue and sell all debt obligations of the State. This agency is assisted and staffed by the State of Wisconsin Department of Administration.

Information concerning the State, the Commission and general obligation debt of the State is included as APPENDIX A, which includes by reference Parts II and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 27, 1996.

This Official Statement, including the cover page and Appendices hereto, is provided for the purpose of setting forth information concerning the sale by the Commission of \$45,000,000 General Obligation Bonds of 1997, Series C (the "Series C Bonds") and the \$45,000,000 General Obligation Bonds of 1997, Series D (the "Series D Bonds (Taxable)") (collectively, the Series C Bonds and the Series D Bonds (Taxable) are referred to as the "Bonds"). The Bonds are authorized pursuant to the provisions of Article VIII, Section 7 of the Wisconsin Constitution and Chapters 18, 20 and 45 of the Wisconsin Statutes (collectively, the "Act") and pursuant to resolutions adopted by the Commission on July 31, 1997, as amended and supplemented on September 17, 1997 (the "Resolution").

The Bonds are direct and general obligations of the State. The full faith, credit and taxing power of the State are irrevocably pledged to the payment of the principal of and interest on the Bonds. There has been irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for the payment of the principal of and interest on the Bonds as the same mature and become due. The Bonds are on a parity with all other outstanding general obligation debt issued by the State with regard to priority of payment.

In connection with the issuance and sale of the Bonds, the Commission has authorized the State of Wisconsin Department of Administration to prepare this Official Statement, including the cover page and appendices, describing the Bonds and presenting other relevant information for consideration by prospective purchasers. This Official Statement contains information, which has been furnished by the State or obtained by the State from the sources indicated. The quotations, summaries and explanations of laws, resolutions, judicial decisions and administrative regulations in this Official Statement do not purport to be complete and are qualified by reference to the complete text of such documents.

### **Plan of Finance**

The Bonds of each series are being issued in accordance with the Act for the purpose of funding veterans housing loans. The State has previously issued its general obligations for funding housing loans to veterans who are "qualified veterans" under federal tax law for the purpose of acquiring residences ("Tax-Exempt Veterans Mortgage Bonds"). The Series C Bonds is another series of Tax-Exempt Veterans Mortgage Bonds.

Beginning with the issuance of the Series D Bonds (Taxable), the State is commencing the issuance of its general obligations for funding loans to veterans who are not "qualified veterans" under federal tax law and for funding loans to veterans for the purpose of home improvements ("Taxable Veterans Mortgage Bonds"). The State anticipates that approximately \$41 million of the Series D Bonds (Taxable) will be used to fund housing loans to veterans who are not "qualified veterans", which loans will have a term not exceeding 30 years. The State further anticipates that approximately \$4 million of the Series D Bonds (Taxable) will be used to make loans to veterans under the Home Improvement Loan Program ("HILP"). See "OTHER INFORMATION; Veterans Housing Loan Program; *Program Description and Operations*" for further discussion on the HILP. Loans under the HILP will have a term not exceeding 15 years.

The State further intends to provide a subsidy from excess proceeds of eligible mortgage pools for mortgage loan rates for loans funded by Taxable Veterans Mortgage Bonds to be the same as mortgage loan rates for loans funded by Tax-Exempt Veterans Mortgage Bonds. The State has assumed a resulting mortgage loan rate of 6.70% in structuring the amortization of the Series D Bonds (Taxable). APPENDIX C delineates the Series D Bonds (Taxable) principal structure to identify the intended cash flow of the 15-year loans for the HILP and 30-year loans for housing loans.

## **THE BONDS**

### **General**

The Bonds will bear interest at the rate or rates and will mature on the dates and in the amounts set forth on the inside front cover of this Official Statement.

The Bonds will be dated September 15, 1997 and will bear interest from such date payable on May 1, 1998 and semiannually thereafter on May 1 and November 1 of each year.

Interest on the Bonds will be computed on the basis of a 30-day month and a 360-day year. Principal of and interest on each Bonds will be payable to the registered owner thereof, which initially will be a nominee of The Depository Trust Company, New York, New York ("DTC").

The Bonds are issuable as fully registered bonds without coupons in denominations of \$5,000 principal amount or any integral multiple thereof.

The Bonds may be redeemed at par prior to their stated date of maturity. See "THE BONDS; Redemption Provisions".

### **Book-Entry-Only Form**

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities, registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Bond will be issued for each maturity of each series of Bonds as set forth on the inside front cover, each in the principal amount of such maturity, and deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal

Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to DTC by the State Treasurer. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their

respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of the State or DTC, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the State, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the State. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The State may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC; the State takes no responsibility for its accuracy.

No assurance can be given by the State that DTC, Direct Participants and Indirect Participants will promptly transfer payments or notices received with respect to the Bonds. The State assumes no liability for the failure of DTC, Direct Participants or Indirect Participants to transfer to the Beneficial Owner payments or notices received with respect to the Bonds.

Similarly, no assurance can be given by the State that DTC will abide by its procedures or that such procedures will not be changed from time to time. In the event that a successor securities depository is designated, it may establish different procedures.

#### **Redemption Provisions**

##### ***Mandatory Sinking Fund Redemption\****

The Series      Bonds due on November 1,      (the "Series      Term Bonds"), are subject to redemption prior to maturity at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, from mandatory sinking fund installments which are required to be made in amounts sufficient to redeem on November 1 of each year the respective amount of the Series      Term Bonds specified below:

<b>Redemption Date</b> <b><u>(November 1)</u></b>	<b>Principal</b> <b><u>Amount</u></b>
--	--

Upon any redemption of the Series      Term Bonds (other than redemption due to mandatory sinking fund redemption), or purchase in lieu thereof, the principal amount of the Series      Term Bonds so redeemed or purchased shall be credited against the sinking fund installments

\* Each successful bidder has the right to specify whether the principal amount of Bonds it purchases that are payable on a particular date will be a payment at maturity of a serial bond or a mandatory sinking fund payment of a term bond.



established for the Series  
Commission shall direct.

Term Bonds so redeemed or purchased in such manner as the

#### *Optional Redemption*

The Bonds of each series maturing on or after November 1, 2009 are subject to optional redemption prior to their stated date of maturity, at the option of the Commission, on November 1, 2008 or on any date thereafter, in whole or in part in integral multiples of \$5,000 at a redemption price equal to 100% of the principal amount plus accrued interest to the date of redemption. In the event of partial redemption, the Commission shall direct the maturity or maturities of the Bonds and the amounts thereof so to be redeemed.

#### *Special Redemption—Series C Bonds*

The Series C Bonds are subject to special redemption prior to maturity, at the option of the Commission, on any date, in whole or in part, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, from (i) unexpended proceeds of the Series C Bonds, (ii) payments on veterans housing loans, or interest or income on investments in certain accounts, including money available from the Insurance Reserve Account, in excess of amounts required to meet scheduled debt service on Tax-Exempt Veterans Mortgage Bonds, and costs associated with the qualified-portion of the veterans housing loan program, and (iii) prepayments of veterans housing loans funded from or attributed to any series of Tax-Exempt Veterans Mortgage Bonds. In the event of a partial redemption, the Commission shall direct the maturities of the Bonds and the amounts thereof so to be redeemed.

Prepayments of mortgages originated with or attributed to any series of Taxable Veterans Mortgage Bonds shall not be used for special redemption of Tax-Exempt Veterans Mortgage Bonds and prepayments of mortgages originated with or attributed to any series of Tax-Exempt Veterans Mortgage Bonds shall not be used for special redemption of Taxable Veterans Mortgage Bonds.

The State had outstanding as of July 31, 1997, approximately \$579 million of Tax-Exempt Veterans Mortgage Bonds. Of this amount, approximately \$539 million were subject to special redemption from certain loan prepayments or excess revenues, as provided for in the resolution authorizing the particular series of Tax-Exempt Veterans Mortgage Bonds. Table 1 presents information about the outstanding Tax-Exempt Veterans Mortgage Bonds that are subject to special redemption. The State has historically received, and expects to continue to receive, prepayments of veterans housing loans. The State may use, and has from time to time used, veterans housing loan prepayments to make new veterans housing loans. If the State determines that it is not feasible to make new veterans housing loans, the State intends to use such prepayments to purchase or redeem the Tax-Exempt Veterans Mortgage Bonds as determined by the Commission.

**Table 1**  
**Summary of Tax-Exempt Veterans Mortgage Bonds**  
**Subject to Special Redemption**  
**July 31, 1997**

<u>Series</u>	<u>Dated Date</u>	<u>Original Principal Amount Subject to Special Redemption</u>	<u>Principal Amount Subject to Special Redemption</u>	<u>Range of Interest Rates on Outstanding Bonds</u>
1986 Series A	05/15/86	\$ 38,185,000	\$ 12,690,000	7.25-7.50%
1988 Series A	07/01/88	14,425,000	1,565,000	7.10-7.60
1989 Series A	01/01/89	19,375,000	2,650,000	7.35-7.70
1989 Series D	08/01/89	19,475,000	14,850,000	6.80-7.20
1990 Series B	03/01/90	19,600,000	2,500,000	6.80-7.30
1990 Series F	10/01/90	19,675,000	2,875,000	6.85-7.35
1991 Series A	04/01/91	29,575,000	22,525,000	6.30-7.50
1992 Series B	06/01/92	29,850,000	8,845,000	5.60-6.60
1993 Series 6	10/15/93	20,000,000	18,755,000	3.85-5.30
1993 Series 5	12/01/93	135,255,000	134,705,000	3.80-5.40
1994 Series 2	03/01/94	58,525,000	58,525,000	4.85-6.20
1994 Series 3	09/15/94	10,400,000	8,000,000	4.75-5.80
1994 Series C	09/15/94	45,000,000	43,155,000	5.50-6.65
1995 Series 1	02/15/95	15,735,000	15,735,000	5.25-6.10
1995 Series B	02/15/95	29,265,000	29,265,000	6.40-6.50
1995 Series 2	10/15/95	42,850,000	42,850,000	4.00-5.75
1996 Series B	05/15/96	45,000,000	45,000,000	4.40-6.20
1996 Series D	10/15/96	30,000,000	30,000,000	5.25-6.00
1997 Series A	03/15/97	21,360,000	21,360,000	6.00-6.00
1997 Series 1	03/15/97	23,640,000	23,640,000	5.20-5.75
		<u>\$ 667,190,000</u>	<u>\$ 539,290,000</u>	

Prior to 1996, it was generally the State's policy, subject to federal tax requirements and the redemption provisions of each particular series of Tax-Exempt Veterans Mortgage Bonds, to redeem the highest interest rate maturities of Tax-Exempt Veterans Mortgage Bonds first. The State has modified this policy and intends generally to call maturities of Tax-Exempt Veterans Mortgage Bonds based on the highest proxy price at the time the call decision is evaluated. In establishing this proxy price, the State intends (i) to determine a hypothetical yield to maturity for each maturity of Tax-Exempt Veterans Mortgage Bonds being evaluated, using published market indices, (ii) to adjust these indices to reflect the historical price relationship of the indices to comparable Tax-Exempt Veterans Mortgage Bonds and any maturity difference between the indices and the maturity of Tax-Exempt Veterans Mortgage Bonds being evaluated, and (iii) to convert each hypothetical yield to the proxy price. Each such special redemption shall be made at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the redemption date.

The Commission exercised its option of special redemption, from veterans home loan prepayments, most recently on May 1, 1997. At that time, the Commission made the special redemption shown in Table 2.

**Table 2**  
**May 1, 1997 Special Redemption**  
**Tax-Exempt Veterans Mortgage Bonds**

<u>Bond Issue</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>Redemption Amount</u>
1986 Series A	January 1, 2015	7.50%	\$9,865,000
1990 Series B	January 1, 2020	7.60	4,265,000
1992 Series B	January 1, 2012	6.00	125,000

*Special Redemption—Series D Bonds (Taxable)*

The Series D Bonds (Taxable) are subject to special redemption prior to maturity, at the option of the Commission, on September 15, 1999 and any date thereafter, in whole or in part at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, from unexpended proceeds of the Series D Bonds (Taxable). In the event of a partial redemption, the State intends to apply amounts from this source to make a strip call on the Series D Bonds (Taxable) (that is, pro rata redemption on all applicable outstanding maturities, subject to rounding) to reflect approximately the intended use of the unexpended proceeds for either 15-year loans for the HILP or 30-year loans for housing loans.

In addition, the Series D Bonds (Taxable) are subject to special redemption prior to maturity, at the option of the Commission, on any date, in whole or in part, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, from (i) prepayments of veterans housing loans, or interest or income on investments in certain accounts, funded from or attributed to the Series D Bonds (Taxable), and (ii) payments from the Insurance Reserve Account. In the event the State receives amounts from these sources, the State intends to apply these amounts to make a strip call on the Series D Bonds (Taxable) (that is, pro rata redemption on all applicable outstanding maturities, subject to rounding) to reflect approximately the prepayment or payment attributed to 15-year loans for the HILP or 30-year loans for housing loans.

Prepayments of mortgages originated with or attributed to any series of Tax-Exempt Veterans Mortgage Bonds shall not be used for special redemption of Taxable Veterans Mortgage Bonds and prepayments of mortgages originated with or attributed to any series of Taxable Veterans Mortgage Bonds shall not be used for special redemption of Tax-Exempt Veteran Mortgage Bonds.

The expected average life of the Series D Bonds (Taxable), based on various assumptions, is summarized in Table 3. Table 3 has been prepared by cfX Incorporated. In creating Table 3, cfX Incorporated used the following assumptions; (i) average origination date of February 1, 1998, (ii) one term bond for the 15-year loans for the HILP, (iii) one term bond for the 30-year loans for housing loans, (iv) level amortization of the 15-year and 30-year loans based on a 6.70% mortgage loan rate, (v) principal repayments from 15-year loans for the HILP used to redeem the previously assumed term bond for the 15-year loans and principal repayments from 30-year loans for housing loans used to redeem only the assumed term bond for the 30-year loans, (vi) special redemption available solely from prepayments of veterans housing loans funded or attributed to the Series D Bonds (Taxable), (vii) early special redemptions are done on a semi-annual periodicity, and (viii) 0% FHA and 0% PSA prepayment speed assumes no prepayments will occur.

Information contained in Table 3 is based on data and assumptions obtained by cfX Incorporated from various sources, including the State. cfX Incorporated has made no verification, independent investigation, or review of the truth or accuracy of such data and assumptions. Table 3 is also based on assumptions as to quantitative and other factors (including assumptions with respect to incomplete information) which are inherently subject to significant economic and other uncertainties and contingencies. Different assumptions could have a material effect upon the results contained in Table 3. cfX Incorporated makes no representation, express or implied, as to the accuracy, timeliness or completeness of the aforementioned data or the accuracy or reasonableness of any of the aforementioned assumptions.

No assurance can be given that prepayments of principal of the mortgages underlying the Series D Bonds (Taxable) will conform to any prepayment projections or schedule, including Table 3, or that prepayments will be available to be applied to redemptions of the Series D Bonds (Taxable). Please also be advised that the State has not undertaken to provide ongoing information to bondholders with respect to the aforementioned assumptions or the extent that actual results have been consistent with such assumptions.

Prepayments on mortgage loans are commonly measured relative to a prepayment standard or model. Information in Table 3 for the FHA prepayment speed is prepared using the June 30, 1991 table entitled "Survivor and Decrement Tables for HUD/FHA Home Mortgage Insurance Program". The Public Securities Association's ("PSA") prepayment model represents an assumed monthly rate of repayment of the then outstanding balance of a pool of new mortgage loans. PSA does not purport to be either a historical description of the prepayment experience of any pool of mortgage loans or a prediction on the anticipated rate of prepayment of any pool of mortgage loans. One hundred percent PSA assumes prepayment rates of 0.2 percent per year of the then-unpaid principal balance of mortgage loans in the first month of the life of the mortgage loans and an additional 0.2 percent per year in each month thereafter until the 30<sup>th</sup> month. Beginning in the 30<sup>th</sup> month and in each month thereafter during the life of the mortgage loans, 100 percent PSA assumes a constant prepayment rate of six percent per year. Multiples will be calculated from this prepayment rate series; e.g., 200 percent PSA assumes prepayment rates will be 0.4 percent per year in the first month, 0.8 percent in the second month, reaching 12 percent per year in the 30<sup>th</sup> month and remaining constant at 12 percent per year thereafter.

**Table 3**  
**Average Life Summary (Years)**  
**Series D Bonds (Taxable)**  
**Prepayment Speed (FHA%)**

	<u>0%</u>	<u>25%</u>	<u>50%</u>	<u>75%</u>	<u>100%</u>	<u>150%</u>	<u>200%</u>	<u>300%</u>	<u>400%</u>
15-Year Term for HILP Loans	10.36	9.75	9.16	8.58	8.17	7.37	6.71	5.67	4.94
30-Year Term for Housing Loans	21.73	18.50	15.96	13.94	12.31	9.91	8.28	6.28	5.16
Series D Bonds (Aggregate)	20.72	17.72	15.35	13.46	11.93	9.68	8.14	6.22	5.14

		Prepayment Speed (PSA%)							
	<u>0%</u>	<u>25%</u>	<u>50%</u>	<u>75%</u>	<u>100%</u>	<u>150%</u>	<u>200%</u>	<u>300%</u>	<u>400%</u>
15-Year Term for HILP Loans	10.36	9.81	9.26	8.74	8.33	7.53	6.88	5.85	5.12
30-Year Term for Housing Loans	21.73	18.80	16.45	14.53	12.96	10.60	8.96	6.88	5.69
Series D Bonds (Aggregate)	20.72	18.00	15.81	14.01	12.54	10.32	8.77	6.78	5.63

#### *Selection of Bonds*

If the Bonds are in book-entry-only form and less than all of a particular maturity are to be redeemed, selection of the ownership interests of Beneficial Owners of the Bonds affected thereby shall be made solely by the Direct Participants and the Indirect Participants in accordance with their then prevailing rules. If the Bonds are in certificated form and less than all of a particular maturity are to be redeemed, selection shall be by lot.

#### *Notice of Redemption*

So long as the Bonds are in book-entry-only form, a notice of the redemption of any of said Bonds shall be sent to the securities depository not less than 30 days or more than 45 days prior to the date of redemption. A notice of redemption may be revoked by sending notice to the securities depository not less than 15 days prior to the proposed date of redemption.

In the event that the Bonds are outstanding in certificated form, a notice of the redemption of any of said Bonds shall be published at least once at least 30 and not more than 45 days prior to the date of redemption in a financial newspaper published or circulated in New York, New York and shall be mailed at least 30 and not more than 45 days prior to the date of redemption to the registered owners of any Bonds to be redeemed, but such mailing shall not be a condition precedent to such redemption and failure to mail any such notice shall not affect the validity of any proceedings for the redemption of the Bonds. Interest on any Bond so called for prior redemption shall cease to accrue on the redemption date provided payment thereof has been duly made or provided for. A notice of redemption may be revoked by publication of a notice not less than 15 days prior to the proposed date of redemption in a financial newspaper published or circulated in New York, New York and mailing such notice, postage prepaid, not less than 15 days prior to the proposed redemption date to the registered owners of any Bonds to have been redeemed, but such mailing shall not be a condition precedent to such revocation and failure to mail such notice shall not affect the validity of such revocation.

#### **Registration and Payment of Bonds**

So long as the Bonds are in book-entry-only form, the Bonds are payable as to principal by wire transfer to the securities depository or its nominee upon their presentation and surrender at the principal office of the State Treasurer, which shall be the Registrar and Paying Agent on the Bonds. Payment of each installment of interest shall be made by wire transfer to the securities depository or its nominee shown in the registration books at the close of business on the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date (the "Record Date") on the payment date.

When in certificated form the Bonds shall be payable as to principal by check or draft issued upon their presentation and surrender at the principal office of the Paying Agent. In such case,

payment of each installment of interest shall be payable by check or draft mailed to the registered owner shown in the registration books on the Record Date.

### **Sources and Uses of Funds**

The Bonds are authorized for the purpose of funding veterans housing loans. Bond proceeds are to be deposited into the Capital Improvement Fund of the State Treasury for expenditure pursuant to rules and procedures adopted by the Wisconsin Department of Veterans Affairs ("DVA") and approved by the Commission. Until such time as these expenditures are made, the Bond proceeds will be invested by the State of Wisconsin Investment Board.

### **Ratings**

The Bonds have been rated by Fitch Investors Service, L.P., by Moody's Investors Service, Inc. and by Standard and Poor's Ratings Group. Any explanation of the significance of a rating may only be obtained from the rating service furnishing such rating. There is no assurance a rating given to the Bonds will be maintained for any period of time; a rating may be lowered or withdrawn entirely by the rating service if in its judgment circumstances so warrant. Any such downgrade or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

## **OTHER INFORMATION**

### **Veterans Housing Loan Program**

The veterans housing loan program, operated by DVA, is the largest revenue-supported program of the State. Lending activities under the program began in 1974. Except for four revenue bond issues (which were not backed by the full faith and credit or taxing power of the State), the program has been previously funded by Tax-Exempt Veterans Mortgage Bonds. All revenue bonds issued for the program have been redeemed.

#### *Program Description and Operations*

Veterans who wish to purchase, build, or purchase and rehabilitate homes that satisfy certain cost or value limitations in relation to the veteran's income may apply for a veterans housing loan. The loan may be for the purchase of an existing home, for a construction loan, for refinancing the balance due on a construction period loan, bridge loan or other financing with a term of 24 months or less, or for a combined purchase and rehabilitation loan of up to 95% of the home's value for a term not exceeding 30 years. A loan application is reviewed first by a local lending institution and then by DVA. If the application is approved, the local lending institution originates the loan as agent for DVA and acts as loan servicer thereafter. There are numerous other standards required to be satisfied as part of underwriting, including a shelter-cost ratio of generally less than 25% of income. This ratio may go up to as much as 33% under certain favorable credit circumstances or must be reduced if certain credit risks are present. The originator of the housing loan may charge the borrower an origination fee of one point (or approximately two points in the case of construction loans and three points on the rehabilitation portion of purchase-rehabilitation loans).

In addition to primary housing loans, DVA has the HILP that will be funded with part of the proceeds from the Taxable Veterans Mortgage Bonds. This program has a maximum loan amount of \$15,000 and is processed through County Veterans Service Officers rather than lending institutions. HILP loans in excess of \$3,000 are secured by either a first or second mortgage on the improved property with a maximum loan term of 15 years and a minimum equity position after considering the HILP loan of 10%. HILP loans under \$3,000 may be secured

by a guarantor or first or second mortgage with a maximum loan term of 15 years. HILP loans require the same basic underwriting standards as the primary loan program, but do not include loan-servicing charges. Mortgage loan rates for HILP loans are the same as the mortgage rates offered on the primary mortgage loans.

It has been and continues to be the policy of DVA to set the interest rate charged to the borrower at a rate calculated to be sufficient to pay the debt service on the Tax-Exempt Veterans Mortgage Bonds and Taxable Veterans Mortgage Bonds (collectively, "Veterans Mortgage Bonds"), the cost of program administration and, if deemed necessary, a loan loss reserve (which since 1985 has been charged to fund the Insurance Reserve Account described below). The State intends to provide a subsidy from excess proceeds of eligible mortgage pools for mortgage loan rates for loans funded by Taxable Veterans Mortgage Bonds to be the same as mortgages loan rates for loans funded by Tax-Exempt Veterans Mortgage Bonds. Tax-Exempt Veterans Mortgage Bonds issued prior to 1985 assumed a certain level of prepayments in estimating program cash flow. No prepayments have been assumed in scheduling principal payments for Veterans Mortgage Bonds, including each series of Bonds, issued since 1985. Based on April 1, 1997 balances and existing DVA assumptions, the cash flow of the mortgages is sufficient to meet future debt service payments even if no mortgages are prepaid. Program loans are assumable only by other qualifying veteran borrowers.

After deducting a servicing charge (.375% per annum), the participating lender deposits the borrower's monthly loan repayments and any prepayments into the Veterans Mortgage Loan Repayment Fund (the "Fund"), a segregated statutory fund. An irrevocable appropriation is provided by law as a first charge on assets of the Fund in a sum sufficient to provide for the repayment of principal of, premium, if any, and interest on State general obligation debt issued to fund the program.

Program loans financed with Veterans Mortgage Bonds are not required to be insured or guaranteed (casualty insurance coverage is, however, required). Instead, the default risk with respect to such loans is borne by the program. The ability of DVA to dispose of defaulted properties and realize the amount of the outstanding principal balances of the related loans has varied in recent years depending upon the location of such properties within the State and their physical condition upon foreclosure. Although DVA expects that it will continue to experience liquidation losses, it expects that such losses will not require recourse to the State's General Fund, but rather will be covered by the Insurance Reserve Account within the Fund. As of June 30, 1997, of the 16,151 outstanding veterans housing loans financed by the program, there were 139 loans of an aggregate principal amount of approximately \$4.2 million for which payments were 60 days or longer past due. The Insurance Reserve requirement (4% of outstanding loans) is currently satisfied in full.

#### **Borrowing Plans for 1997**

In this calendar year, the State has sold three publicly offered general obligation bond issues. Two of the issues, in the aggregate amount of \$45 million, were for the veterans housing loan program. The other issue in the amount of \$101 million was for governmental purposes. The State has also issued two series of general obligation commercial paper notes, in the aggregate amount of \$182 million, for governmental purposes. The Bonds are the fourth and fifth publicly offered general obligation bond issues for this calendar year. The State further anticipates one or more private sales of general obligations for the Clean Water Fund program.

The State has sold one clean water revenue bond issue in the amount of \$80 million. The State may sell another series of clean water revenue bonds in the fourth quarter. The State has issued \$155 million of transportation revenue commercial paper notes. No transportation revenue bonds or additional transportation revenue commercial paper notes are expected to be issued this calendar year.

The State has sold operating notes in the amount of \$300 million. The State will review the general fund cash flow upon enactment of the 1997-99 budget; an additional sale of operating notes is possible in the third or fourth quarter.

#### **Underwriting**

The Series C Bonds were purchased at competitive bidding on September 17, 1997 by the following account:

The underwriters paid \$ , resulting in a true interest cost rate to the State of %.

The Series D Bonds (Taxable) were purchased at competitive bidding on September 17, 1997 by the following account:

The underwriters paid \$ , resulting in a true interest cost rate to the State of %.

#### **Reference Information About the Bonds**

Table 4, which includes information about the Bonds, is provided for reference. The CUSIP number for each maturity has been obtained from sources believed to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The reoffering yields and prices have been provided by the successful bidders in order to allow the computation of yield for federal tax law compliance. The reoffering yield has been calculated to the lower of maturity or call.



Table 4

## State of Wisconsin

**\$45,000,000 General Obligation Bonds of 1997, Series C**  
**Subject to Alternative Minimum Tax (AMT)**

Dated Date: September 15, 1997  
 First Interest Date: May 1, 1998  
 Issuance Date: October 8, 1997  
 Special Redemption: All Series C Bonds are subject to special redemption at par.  
 See "THE BONDS; Redemption Provisions".

CUSIP	Year (November 1)	Principal Amount*	Interest Rate	First Optional Redemption Date	Call Price	Yield at Issuance	Price at Issuance
	2000	\$ 250,000		Not Callable	-		
	2001	270,000		Not Callable	-		
	2002						
	2003	1,445,000		Not Callable	-		
	2004	1,645,000		Not Callable	-		
	2005	1,390,000		Not Callable	-		
	2006	1,480,000		Not Callable	-		
	2007	1,935,000		Not Callable	-		
	2008	2,035,000		Not Callable	-		
	2009	2,445,000		11/1/2008	100%		
	2010	2,765,000		11/1/2008	100		
	2011	2,655,000		11/1/2008	100		
	2012	2,600,000		11/1/2008	100		
	2013	2,360,000		11/1/2008	100		
	2014	2,120,000		11/1/2008	100		
	2015	1,850,000		11/1/2008	100		
	2016	1,580,000		11/1/2008	100		
	2017	2,300,000		11/1/2008	100		
	2018	2,175,000		11/1/2008	100		
	2019	1,795,000		11/1/2008	100		
	2020	1,080,000		11/1/2008	100		
	2021	1,555,000		11/1/2008	100		
	2022	2,190,000		11/1/2008	100		
	2023	1,785,000		11/1/2008	100		
	2024	1,345,000		11/1/2008	100		
	2025	1,100,000		11/1/2008	100		
	2026	850,000		11/1/2008	100		

Table 4-Continued

**\$45,000,000 General Obligation Bonds of 1997, Series D  
(TAXABLE)**

**Dated Date:** September 15, 1997  
**First Interest Date:** May 1, 1998  
**Issuance Date:** October 8, 1997  
**Special Redemption:** All Series D Bonds (Taxable) are subject to special redemption at par.  
 See "THE BONDS; Redemption Provisions".

<u>CUSIP</u>	<u>Year (November 1)</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>First Optional Redemption Date</u>	<u>Call Price</u>	<u>Yield at Issuance</u>	<u>Price at Issuance</u>
	1999	\$ 550,000		Not Callable	-		
	2000	585,000		Not Callable	-		
	2001	635,000		Not Callable	-		
	2002	680,000		Not Callable	-		
	2003	730,000		Not Callable	-		
	2004	780,000		Not Callable	-		
	2005	835,000		Not Callable	-		
	2006	900,000		Not Callable	-		
	2007	970,000		Not Callable	-		
	2008	1,030,000		Not Callable	-		
	2009	1,110,000		11/1/2008	100%		
	2010	1,195,000		11/1/2008	100		
	2011	1,275,000		11/1/2008	100		
	2012	1,375,000		11/1/2008	100		
	2013	1,480,000		11/1/2008	100		
	2014	1,140,000		11/1/2008	100		
	2015	1,235,000		11/1/2008	100		
	2016	1,325,000		11/1/2008	100		
	2017	1,430,000		11/1/2008	100		
	2018	1,545,000		11/1/2008	100		
	2019	1,670,000		11/1/2008	100		
	2020	1,805,000		11/1/2008	100		
	2021	1,945,000		11/1/2008	100		
	2022	2,105,000		11/1/2008	100		
	2023	2,275,000		11/1/2008	100		
	2024	2,450,000		11/1/2008	100		
	2025	2,650,000		11/1/2008	100		
	2026	2,865,000		11/1/2008	100		
	2027	3,090,000		11/1/2008	100		
	2028	3,340,000		11/1/2008	100		

\*Each successful bidder has the right to specify whether the principal amount of Bonds it purchases that are payable on a particular date will be a payment at maturity of a serial bond or a mandatory sinking fund payment of a term bond.

**Quantitative Analyst**

The State has employed cfX Incorporated to review, and provide quantitative analysis regarding, the cash flow of the veterans housing loan program to assure fulfillment of the legislative mandate that the program be self-amortizing.